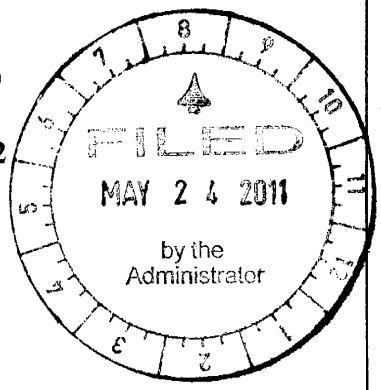
STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Wells Fargo Investments, LLC,

Respondent.

ODS File No. 10-077

CONSENT ORDER

WHEREAS, Wells Fargo Investments, LLC (now a part of Wells Fargo Advisors, LLC) ("WFI")[1] is a broker-dealer registered under the Oklahoma Uniform Securities Act of 2004 ("Act"), 71 O.S. §§ 1-101 through 1-701 (Supp. 2009); and

WHEREAS, WFI's activities regarding the marketing of auction rate securities have been the subject of coordinated investigations conducted by a multistate task force; and

WHEREAS, WFI has cooperated fully with regulators conducting the investigations by providing documentary evidence and other materials and by providing regulators with access to information relevant to their investigations; and

WHEREAS, on November 18, 2009, WFI and the multistate task force reached an agreement to resolve the investigations relating to WFI's marketing of auction rate securities to certain customers; and

WHEREAS, WFI agrees, among other things, to purchase certain auction rate securities from customers and to make certain payments; and

[1] On January 1, 2011, Wells Fargo Investments, LLC transferred substantially all of its assets and liabilities to Wells Fargo Advisors, LLC, and Wells Fargo Investments, LLC no longer exists as a separate entity.

WHEREAS, WFI elects to waive permanently 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"); and

WHEREAS, WFI admits the jurisdiction of the Oklahoma Department of Securities (the "Department") and consents to the entry of this Order by the Administrator of the Department (the "Administrator"); and

WHEREAS, Wells Fargo Securities, LLC ("WFS"), as successor to Wells Fargo Brokerage Services, LLC ("WFBS"), and Wells Fargo Institutional Securities, LLC ("WFIS") have voluntarily agreed to purchase ARS from certain customers, as described in Section IV below, and to use best efforts to provide liquidity solutions for certain other customers; and

WHEREAS, WFI neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order.

NOW, THEREFORE, the Administrator of the Department hereby enters this Order:

I.

FINDINGS OF FACT

Background

1. Auction Rate Securities ("ARS") are long-term bonds issued by municipalities, corporations, and student loan companies, or perpetual equity instruments issued by closed-end mutual funds, with variable interest rates that reset through a bidding process known as a Dutch auction.

2. In a successful Dutch auction, ARS are auctioned at par and bids with successively higher rates are accepted by the auction agent for the issuer until all of the available securities are sold. All ARS are then purchased or sold at the lowest interest rate bid that will result in all ARS placed up for auction being sold. If there are not enough buy orders to purchase all the securities being sold at auction, a failed auction occurs. In the event of an auction failure, the issuer of the ARS pays a default interest rate until the next successful auction. Broker-dealers that served as

dealers for the auctions sometimes placed "support bids" on their own behalf in order to prevent auction failures.

3. Beginning on or about February 13, 2008, there were not enough purchasers for ARS at many auctions. The broker-dealers that had previously supported the auctions for these securities ceased their practice of bidding to prevent auction failures. As a result, the ARS market experienced widespread failed auctions. ARS purchasers who wished to sell their ARS were forced to continue holding their positions.

Marketing of ARS by WFI

4. WFI marketed ARS to some of its customers, including individual customers, small businesses, and non-profit organizations. Since at least 2001, WFI offered Auction Rate Preferred Shares ("ARPS") through its fixed-income desk. In addition, beginning in 2006, WFI facilitated Auction Rate Debt Securities ("ARDS") trades for select customers. WFI did not underwrite ARS and did not serve as an auction manager or auction agent.

5. On February 14, 2008, WFI customers nationwide were holding approximately $2.95 billion in ARS in 5,692 accounts.

6. WFI participated in sales of ARS to customers in the state of Oklahoma. The WFI accounts of Oklahoma customers held approximately Four Hundred Seventy-Five Thousand Dollars ($475,000) in ARS on February 14, 2008.

7. Because of the auction failures described above, certain WFI customers who were holding ARS on February 14, 2008, have been unable to sell their ARS at auction.

8. In connection with the marketing of ARS, WFI failed to adopt policies and procedures reasonably designed to ensure that its registered agents recommended ARS only to customers who had stated investment objectives that were consistent with their purchase of ARS. Some WFI registered agents recommended ARS to customers as a liquid, short-term investment. As a result, some WFI customers, who needed short-term access to funds, invested in ARS, even though ARS had long-term maturity dates, or in the case of ARPS, no maturity dates.

Failure to Supervise Agents Who Marketed ARS

9. WFI failed to provide adequate supervision and training to its registered agents in connection with the marketing of ARS. Some of WFI's registered agents were not adequately educated about ARS products. WFI failed to provide timely and comprehensive sales and marketing literature regarding ARS and the mechanics of the auction process.

10. Some WFI registered agents believed that the ARS were safe and were not aware that auctions could fail and that money invested in ARS could become frozen. In part, this was because some WFI registered agents were not aware of significant aspects of the auction rate market.

11. WFI did not establish specific written supervisory procedures for the review of ARS transactions, nor did WFI train supervisory personnel on how to review ARS transactions.

II.

CONCLUSIONS OF LAW

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

2. For the reasons alleged in the Findings of Fact, above, WFI failed to supervise reasonably its registered agents in connection with the marketing of ARS to its customers.

3. The Administrator finds the following relief appropriate and in the public interest.

III.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and WFI's consent to the entry of this Order, for the sole purpose of settling this matter prior to a hearing and without admitting or denying the Findings of Fact or Conclusions of Law,

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 WFI's marketing of ARS to customers.

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

3. WFI shall cease and desist from violating the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (the "Rules") and will comply with the Act and the Rules.

4. Within ten (10) days from the entry of this Order, WFI shall pay the sum of Four Thousand Seventy-Four Dollars and Forty-Four Cents ($4,074.44) to the Oklahoma Department of Securities Investor Education Revolving Fund established pursuant to Section 1-612(F) of the Act, which amount constitutes the state of Oklahoma's proportionate share of the multistate settlement amount of $1,900,000.

5. The total amount paid pursuant to the foregoing paragraph shall remain at Four Thousand Seventy-Four Dollars and Forty-Four Cents ($4,074.44) regardless of whether another state securities regulator determines not to accept WFI's state settlement offer.

6. WFI shall take certain measures with respect to current and former customers that purchased "Eligible ARS," as defined and described in Paragraphs 7 through 14 of this Section III, below.

7. Eligible ARS. For purposes of this Order as it relates to WFI, "Eligible ARS" shall mean ARS that were purchased for customers by WFI on or before February 13, 2008, and that have failed at auction at least once since February 13, 2008. Notwithstanding the foregoing definition, Eligible ARS shall not include ARS that were purchased for customers by WFI or entities acquired by Wells Fargo's parent companies in accounts owned, managed or advised by or through independent registered investment advisers.

8. Eligible Investor. For purposes of this Order as it relates to WFI, "Eligible Investor" shall mean:

a. Natural persons (including their IRA accounts, testamentary trust and estate accounts, custodian UGMA and UTMA accounts, and guardianship accounts) who purchased Eligible ARS;

b. Charities, endowments, or foundations with Internal Revenue Code Section 501(c)(3) status, or religious corporations or entities, that purchased Eligible ARS; and

c. Trusts, corporate trusts, corporations, employee pension plans/ERISA and Taft Hartley Act plans, educational institutions, incorporated not for profit organizations, limited liability companies, limited partnerships, non public companies, partnerships, personal holding companies, unincorporated associations, government or quasi government entities, which are the beneficial owners of an account that purchased Eligible ARS.

"Eligible Investors," for purposes of this Order as it relates to WFI, shall not include brokers, dealers or banks acting as conduits for their customers. This provision shall not affect the rights of any beneficial owner of an account that otherwise would qualify as an Eligible Investor, as set forth in this Section III, Paragraph 8 subparts a, b, or c, above.

"Eligible Investors," for purposes of this Order as it relates to WFI, shall not include any WFI customer who entered into a settlement agreement with WFI prior to November 18, 2009, or who received a final arbitration award against WFI prior to November 18, 2009, with respect to their Eligible ARS holdings at WFI.

9. Purchase Offer. WFI shall offer to purchase, at par plus accrued and unpaid dividends/interest, from Eligible Investors their Eligible ARS that have failed at auction at least once since February 13, 2008 (the "Purchase Offer"). WFI shall make the Purchase Offer and purchase the Eligible ARS either as riskless principal or agent for one or more affiliated companies, and not for its own account.

10. Notification and Buyback Procedures.

a. WFI shall have undertaken to identify and provide notice to Eligible Investors of the relevant terms of this Order by no later than February 16, 2010. Said notice shall have explained what Eligible Investors must have done to accept, in whole or in part, the Purchase Offer, including how Eligible Investors may have accepted the Purchase Offer. WFI shall also provide written notice of the relevant terms of this Order to any subsequently identified Eligible Investors.

b. Initial Offer Period

i. WFI shall have kept the Purchase Offer open for sixty (60) days after mailing the notice required by this Section III, Paragraph 10a, above ("Initial Offer Period").

ii. Eligible Investors may have accepted the Purchase Offer by notifying WFI as described in the Purchase Offer, at any time before midnight, Eastern Time, on or before the last day of the Initial Offer Period. For those Eligible Investors who accepted the Purchase Offer within the Initial Offer Period, WFI shall have purchased their Eligible ARS by no later than five (5) business days following the expiration of the Initial Offer Period (the "Initial Purchase Deadline").

c. Second Offer Period

i. WFI shall have undertaken its best efforts to identify and provide a second notice to all Eligible Investors who did not accept the Purchase Offer within the Initial Offer Period. This second notice must have satisfied the requirements discussed in this Section III, Paragraph 10a, above, and have been sent no later than thirty (30) days after the Initial Purchase Deadline.

ii. WFI shall have kept the Purchase Offer open for sixty (60) days after mailing the second notice required by this Section III, Paragraph 10c.i, above ("Second Offer Period").

iii. Eligible Investors may have accepted the Purchase Offer by notifying WFI as described in the Purchase Offer, at any time before midnight, Eastern Time, on or before the last day of the Second Offer Period. For those Eligible Investors who accepted the Purchase Offer within the Second Offer Period, WFI shall have purchased their Eligible ARS by no later than five (5) business days following the expiration of the Second Offer Period (the "Second Purchase Deadline").

d. An Eligible Investor may have revoked the Eligible Investor's acceptance of WFI's Purchase Offer at any time up until WFI purchased such Eligible Investor's Eligible ARS or provided notice of WFI's intent to purchase such Eligible ARS.

e. WFI's obligation to those Eligible Investors who custodied their Eligible ARS away from WFI as of November 18, 2009, shall have been contingent on: (1) WFI receiving reasonably satisfactory assurance from the financial institution then holding the Eligible Investor's Eligible ARS that the bidding rights associated with such Eligible ARS would be transferred to WFI; and (2) transfer of the Eligible ARS back to WFI.

f. WFI shall have used its best efforts to identify, contact and assist any Eligible Investor who has transferred the Eligible ARS out of WFI's custody in returning such ARS to WFI's custody, and shall not charge such Eligible Investor any fees relating to or in connection with the return to WFI or custodianship by WFI of such Eligible ARS.

11. Customer Assistance Line. WFI shall have promptly established a dedicated toll-free telephone assistance line and e-mail address to provide information and to respond to questions concerning the terms of this Order. WFI shall have maintained the telephone assistance line and e-mail address through at least the Second Purchase Deadline.

12. Relief for Eligible Investors Who Sold Below Par. No later than upon the completion of the buyback (as described in this Section III, Paragraph 10, above), WFI shall have undertaken its best efforts to identify and provide notice to, using the notice to Eligible Investors referenced in this Section III, Paragraph 10 above, Eligible Investors who sold Eligible ARS below

par between February 13, 2008 and November 18, 2009 ("Below Par Seller") and, upon receipt of satisfactory evidence of the sale, shall have paid them the difference between par and the price at which the Eligible Investor sold the Eligible ARS, plus interest thereon at the rate of seven-day LIBOR.

13. Consequential Damages Arbitration Process.

a. WFI shall consent to participate in a special arbitration process ("Arbitration") for the exclusive purpose of arbitrating any Eligible Investor's consequential damages claim arising from their inability to sell Eligible ARS. WFI shall have notified Eligible Investors of the terms of the Arbitration process through the notice described in this Section III, Paragraph 10 above.

b. The Arbitration shall be conducted under the auspices of FINRA, pursuant to the NASD Code of Arbitration Procedures for Customer Disputes, eff. April 16, 2007. WFI will pay all applicable forum and filing fees.

c. Eligible Investors who choose to pursue such claims in Arbitration shall bear the burden of proving that they suffered consequential damages and that such damages were caused by their inability to access funds invested in Eligible ARS. In Arbitration, WFI shall be able to defend itself against such claims; provided, however, that WFI shall not contest liability for the illiquidity of the underlying ARS position, and provided further that, unlike the FINRA's established special arbitration process, WFI shall be able to use as part of its defense an investor's decision not to borrow money from WFI or its affiliates.

d. Eligible Investors who elect to use this special arbitration process provided for herein shall not be eligible for punitive damages, or for any other type of damages other than consequential damages.

e. Eligible Investors that elect to utilize FINRA's special arbitration process, as set forth above, are limited to the remedies available in that process and may not bring or pursue a claim relating to Eligible ARS in another forum.

14. Reimbursement of Negative Carry. In connection with the notices described in this Section III, Paragraphs 10 and 12 above, WFI shall inform Eligible Investors that, if they paid more in interest on a loan through WFI or its affiliates secured by Eligible ARS than the customer received in interest or dividends from the Eligible ARS during the time the loan was outstanding ("Negative Carry"), then the Eligible Investor can provide WFI documentation evidencing the amount of Negative Carry, and upon receipt of such documentation, WFI will reimburse the Eligible Investor the amount of Negative Carry actually paid.

IV.

Additional Considerations

1. WFS (as successor to WFBS) and WFIS have voluntarily agreed to purchase ARS from Eligible Investors as defined in this Section IV, Paragraph 2 below.

2. "Eligible Investors," for the purposes of this Order as it relates to WFS (as successor to WFBS) and WFIS, shall mean the following:

a. Natural persons (including their IRA accounts, testamentary trust and estate accounts, custodian UGMA and UTMA accounts, and guardianship accounts) who purchased Eligible ARS;

b. Charities, endowments, or foundations with Internal Revenue Code Section 501(c)(3) status, or religious corporations or entities that purchased Eligible ARS; and

c. Trusts, corporate trusts, corporations, employee pension plan/ERISA and Taft Hartley Act plans, educational institutions, incorporated not for profit organizations, limited liability companies, limited partnerships, non public companies, partnerships, personal holding companies, unincorporated associations, governments or quasi government entities, which are the beneficial owners of an account that purchased Eligible ARS, unless the value of the account exceeded $10 million as of January 31, 2008 or the beneficial owner had disclosed to WFI, WFS (as successor to WFBS), WFBS or WFIS total investable assets in excess of $10 million.

"Eligible Investors," for the purposes of this Order as it relates to WFS (as successor to WFBS) and WFIS, shall not include brokers, dealers, or banks acting as conduits for their customers. This provision shall not affect the rights of any beneficial owner of an account that otherwise would qualify as an Eligible Investor, as set forth in subparts a, b, or c of this Paragraph, above.

"Eligible Investors," for the purposes of this Order as it relates to WFS (as successor to WFBS) and WFIS, shall not include any WFI, WFBS, or WFIS customers who have entered into a settlement agreement with WFI, WFBS (or WFS as its successor), or WFIS prior to November 18, 2009, or who has received a final arbitration award against WFI, WFBS (or WFS as its successor), or WFIS prior to November 18, 2009, with respect to their Eligible ARS holdings at WFI, WFBS (or WFS as its successor), or WFIS.

"Eligible ARS," for purposes of this Order as it relates to WFS (as successor to WFBS) and WFIS, shall mean ARS that were purchased at WFBS or WFIS on or before February 13, 2008, and that have failed at auction at least once since February 13, 2008. Notwithstanding the foregoing definition, Eligible ARS shall not include ARS that were purchased at WFBS or WFIS or entities acquired by WFBS's or WFIS's parent companies in accounts owned, managed or advised by or through independent registered investment advisers.

3. WFS (as successor to WFBS) and WFIS have agreed to use their best efforts to provide liquidity solutions to their customers who have investible assets above $10 million. WFS (as successor to WFBS) and WFIS shall endeavor to work with issuers and other interested parties, including regulatory and governmental entities, to expeditiously and on a best efforts basis provide liquidity solutions, such as facilitation of secondary market transactions and announced issuer redemptions of the Eligible ARS purchased through WFBS and WFIS. Though WFS (as successor to WFBS) and WFIS shall use their best efforts to offer opportunities to the institutional and other

customers who are not Eligible Investors to liquidate Eligible ARS, WFS (as successor to WFBS) and WFIS are under no obligation to offer to purchase ARS from these customers.

4. In consideration for the settlement terms contained in this Order, the Administrator shall not seek additional penalties, and shall terminate his investigation with respect to WFI, WFS (as successor to WFBS), and WFIS regarding the marketing of ARS. However, if the Administrator determines that WFS (as successor to WFBS) and WFIS have failed to adhere to their voluntary agreement as described above, the Administrator may initiate an investigation and take enforcement action related to the marketing of ARS by WFS (as successor to WFBS) and WFIS.

5. If payment is not made by WFI as required in this Order, or if WFI defaults in any of its other obligations set forth in this Order, the Administrator may send WFI a written notice of default and, if within ten (10) days after receiving the written notice, WFI does not cure the default, the Administrator may move to enforce the Order before any competent administrative body and/or court of law.

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

7. Except as expressly provided in this Order, for any person or entity not a party to this Order, this Order does not limit or create any private rights or remedies against WFI, limit or create liability of WFI, or limit or create defenses of WFI to any claims. Unless applicable law provides otherwise, by entering into this Order, the Administrator does not waive any rights any departments, agencies, boards, commissions, authorities, political subdivisions and corporations of the state of Oklahoma, other than the Department, may have under applicable law, to the extent any

such rights exist, to assert a claim, cause of action, or application for compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief against WFI in connection with the marketing of ARS by WFI.

8. This Order shall not disqualify WFI 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.

9. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the state of Oklahoma without regard to any choice of law principles.

10. WFI, through its execution of this Order, voluntarily waives its right to a hearing on this matter and to judicial review of this Order under Section 1-609 of the Act.

11. WFI enters into this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Administrator or any member, officer, employee, agent, or representative of the Department to induce WFI to enter into this Order.

12. This Order shall be binding upon WFI, its affiliates, successors and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

13. Nothing contained in this Order shall be deemed to be an admission of any liability, fault or wrongdoing. The Parties agree that this Order shall not be admissible in any hearing, action, or proceeding except to prove the existence of this Order or to enforce the Order's terms.

WITNESS my Hand and the Official Seal of the Oklahoma Department of Securities this 24th day of May, 2011.

Irving L. Faught, Administrator
Oklahoma Department of Securities

CONSENT TO ENTRY OF ORDER BY WELLS FARGO INVESTMENTS, LLC

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

WFI admits the jurisdiction of the Department, neither admits nor denies the Findings of Fact and Conclusions of Law contained in the Order, and consents to entry of the Order by the Administrator as settlement of the issues contained in the Order.

WFI states that no promise of any kind or nature whatsoever was made to it to induce it to enter into the Order and that it has entered into the Order voluntarily.

Lisa Amador represents that he/she is CCO of WFI and that, as such, has been authorized by WFI to enter into the Order for and on behalf of WFI.

DATED this 11 day of May, ~~2010~~ 2011

WELLS FARGO INVESTMENTS, LLC

By: Lisa Amador

Title: Chief Compliance Officer

STATE OF California)
)
County of San Francisco)

SUBSCRIBED AND SWORN TO before me this 11 day of May, ~~2010~~ 2011.

Notary Public

My commission expires:

Nov 17, 2014

JOSE L. DELGADILLO
Commission # 1909547
Notary Public - California
San Francisco County
My Comm. Expires Nov 17, 2014