

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

NEW YORK STATE BANKING DEPARTMENT
NEW YORK, NEW YORK

In the Matter of

DRESDNER BANK AG
Frankfurt, Germany

DRESDNER BANK AG
NEW YORK BRANCH
New York, New York

Docket No. 08-031-B-FB
08-031-B-FBR

Cease and Desist Order Issued
Upon Consent Pursuant to the
Federal Deposit Insurance Act,
as amended

WHEREAS, Dresdner Bank AG, Frankfurt, Germany (the “Bank”), a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)), and its New York, New York branch (the “New York Branch”) are taking steps to correct certain violations of law and deficiencies relating to the New York Branch’s compliance with applicable federal and state laws, rules, and regulations relating to anti-money laundering (“AML”), including the Bank Secrecy Act (the “BSA”) (31 U.S.C. § 5311 et seq.); the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Part 103); the AML requirements of Regulation K of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. §§ 211.24(f) and 211.24(j)); and those of the New York State Banking Department (the “Department”) (3 N.Y.C.R.R. Part 300);

WHEREAS, the New York Branch provides significant correspondent banking services to the Bank’s non-U.S. branches and affiliates, and also conducts U.S. dollar funds transfer clearing for corporate clients;

WHEREAS, it is the common goal of the Bank, the New York Branch, the Board of Governors, the Federal Reserve Bank of New York, and the Department to ensure that the Bank and the New York Branch fully address the violations and deficiencies in the New York Branch's AML policies and procedures, and internal control environment, the Board of Governors, the Department, the Bank, and the New York Branch have mutually agreed to enter into this consent Cease and Desist Order (the "Order");

WHEREAS, the Board of Managing Directors of the Bank (the "Board of Managing Directors") is authorized to take actions by means of the signature of two of its members and is authorized, pursuant to the Articles of Association of the Bank and sections 76 and 78 of the German Stock Corporation Law, to enter into this Order on behalf of the Bank and the New York Branch;

WHEREAS, on October 29, 2008, the Board of Managing Directors, at a duly constituted meeting, adopted a resolution authorizing and directing Dr. Stefan Jentsch and Klaus Rosenfeld, both of whom are members of the Board of Managing Directors, to enter into this Order on behalf of the Bank and the New York Branch, and consenting to compliance by the Bank and the New York Branch and each of their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. §§1813(u) and 1818(b)(4)), with each and every applicable provision of this Order and waiving any and all rights that the Bank and the New York Branch may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818) to: (i) the issuance of a notice of charges on any and all matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any and all matters set forth in this Order; (iii) contest the issuance of a cease and desist order by the Board of Governors pursuant to section 8 of the FDI Act; (iv) judicial review of this Order; and (v) challenge or contest, in any manner, the basis, validity,

effectiveness, terms or enforceability of the provisions of this Order or any provisions hereof;
and

WHEREAS, the Board of Managing Directors has presented this Order to the Audit Committee of the Supervisory Board of the Bank (the “Audit Committee of the Bank”) because the Supervisory Board of the Bank has delegated to the Audit Committee of the Bank the responsibility to oversee and monitor all compliance, internal audit and accounting matters of the Bank.

NOW, THEREFORE, IT IS HEREBY ORDERED, that pursuant to sections 8(b)(1) and 8(b)(4) of the FDI Act (12 U.S.C. §§ 1818(b)(1) and 1818(b)(4)) and section 39 of the New York Banking Law that the Bank and the New York Branch, and each of their institution-affiliated parties, shall cease and desist and take affirmative actions as follows:

Primary Contact

1. Within 10 days of this Order, the Bank and the New York Branch shall designate an officer to be responsible for coordinating and submitting to the Federal Reserve Bank of New York and the Department (collectively, the “Supervisors”) the written programs, plans, policies, procedures, and engagement letter required under the terms and conditions of this Order.

Management Review and Oversight

2. Within 120 days of this Order, the Audit Committee of the Bank shall direct and oversee a review of the effectiveness of the New York Branch’s corporate governance, control infrastructure, and business line accountability with respect to BSA/AML compliance (the “Management Review”). The purpose of this review shall be to enhance the Bank’s oversight of the New York Branch’s BSA/AML compliance program and to ensure the adequate staffing by qualified and trained personnel that is required for an effective control environment. The

Management Review shall, at a minimum, address, consider, and include with respect to the New York Branch's BSA/AML compliance function:

(a) The duties and responsibilities of each officer and staff member regarding BSA/AML compliance, including: reporting lines within the New York Branch and to the Bank, and business lines accountability; and

(b) a plan to train, recruit, hire, or appoint, as necessary, additional officers and staff with the requisite ability, experience, and other qualifications to competently perform their assigned duties.

3. At the conclusion of the Management Review, the Bank and the New York Branch shall submit a written report to the Supervisors that includes the findings and conclusions of the Management Review, and a description of specific actions that the Bank and the New York Branch propose to take, or have taken, to strengthen the management and oversight of the New York Branch's BSA/AML compliance program.

4. Within 30 days after the submission of the written report required by paragraph 3 of this Order, the Bank and the New York Branch shall implement measures to ensure appropriate oversight of the New York Branch's BSA/AML compliance program, including, but not limited to, periodic management information reports sufficient to enable Bank and New York Branch management to assess the adequacy and effectiveness of the BSA/AML control infrastructure and compliance with applicable laws and regulations.

BSA/AML Compliance Review

5. Within 10 days of this Order, the Bank and the New York Branch shall retain an independent consultant acceptable to the Supervisors, or enter into a new or revised engagement with the independent BSA/AML consultant previously retained by the New York Branch (the

“Compliance Review Consultant”), to conduct an independent review of the New York Branch’s BSA/AML compliance program (the “BSA/AML Review”) and to prepare a written report of findings and recommendations (the “BSA/AML Report”). The purpose of the BSA/AML Review shall be to conduct a comprehensive review of the New York Branch’s BSA/AML compliance program and make recommendations that will enable the New York Branch to establish an effective program that is commensurate with the New York Branch’s size, products and services, customers, and the customers’ geographic locations.

6. Within 10 days of the engagement of the Compliance Review Consultant, but prior to the commencement of the BSA/AML Review, the Bank and the New York Branch shall jointly submit to the Supervisors for approval an engagement letter that sets forth the terms of the engagement. The letter shall provide, among other things, that:

(a) The BSA/AML Review be completed within 60 days of the retention of the independent consultant or the new or revised engagement with the existing BSA/AML consultant;

(b) within 10 days of the completion of the BSA/AML Review, the BSA/AML Report detailing the findings, conclusions, and recommendations of the BSA/AML Review be submitted to the Audit Committee of the Bank and the Supervisors; and

(c) supporting material associated with the BSA/AML Review be made available to the Supervisors upon request.

7. Within 60 days of the submission of the BSA/AML Report to the Audit Committee of the Bank and the Supervisors, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written BSA/AML compliance program for the New York Branch that incorporates the findings and recommendations of the BSA/AML Review and

is designed to improve the New York Branch's internal controls to ensure compliance with all applicable provisions of the BSA and the rules and regulations issued thereunder, including the requirements of Regulation K of the Board of Governors. The program shall additionally address, with respect to the New York Branch, the requirements of 3 N.Y.C.R.R. Parts 116 and 300. The program shall include provisions for updates on an ongoing basis as necessary to incorporate amendments to the BSA and the rules and regulations issued thereunder. At a minimum, the program shall include:

(a) Improvements to the New York Branch's system of internal controls for correspondent banking and funds transfer clearing activities, including controls to ensure compliance with all recordkeeping and reporting requirements; and

(b) management of the BSA/AML compliance program by a qualified compliance officer, who is supported by adequate staffing levels and resources, and who is responsible for overseeing and monitoring compliance by the New York Branch with all applicable BSA/AML requirements and the institution's internal policies and procedures.

Independent Review

8. Within 60 days of this Order, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable enhanced written plan for the independent testing of the New York Branch's compliance with all applicable BSA/AML requirements. At a minimum, the plan shall include and provide for:

(a) Measures to ensure the independence of the testing, including the direct review of independent testing results by senior Bank and New York Branch management and escalation to the Bank's Audit Committee in appropriate circumstances; and

(b) procedures to ensure that senior Bank and New York Branch management institute and complete appropriate actions in response to the independent testing results; and procedures to ensure that independent testing results are communicated to the Supervisors on a regular basis and retained for subsequent supervisory review.

Transaction Monitoring System

9. Within 45 days of this Order, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written plan, including a timetable, for the full installation, testing, and activation of the New York Branch's proposed new transaction monitoring system. The plan shall also include a methodology and target date for determining that the transaction monitoring system is effective.

10. Within 60 days of this Order, the Bank and the New York Branch shall jointly submit to the Supervisors acceptable written policies and procedures for the monitoring of customer accounts and transactions that are designed to effectively manage legal and reputational risks and ensure compliance with regulatory requirements. The acceptable policies and procedures shall take effect upon the determination by a competent independent outside consultant acceptable to the Supervisors, which may be the same consultant engaged pursuant to paragraph 5 of this Order, that the new transaction monitoring system is fully effective. Documentation to support the determination that the new transaction monitoring system is fully effective shall be retained for subsequent supervisory review.

Suspicious Activity Monitoring and Reporting and Customer Due Diligence

11. Within 60 days of this Order, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written customer due diligence program designed to reasonably ensure the identification and timely, accurate, and complete reporting of all known or

suspected violations of law against or involving the New York Branch and suspicious transactions at the New York Branch to law enforcement and supervisory authorities as required by applicable suspicious activity reporting laws and regulations. At a minimum, the program shall include:

- (a) A methodology for assigning risk levels to the New York Branch's customer base, including correspondent account holders, that considers factors such as type of customer, type of product or service, and geographic location;
- (b) a risk-focused assessment of the New York Branch's customer base that:
 - (i) identifies the categories of customers whose transactions and banking activities are routine and usual; and
 - (ii) determines the appropriate level of enhanced due diligence necessary for those categories of customers that pose a heightened risk of conducting potentially illicit activities at or through the New York Branch;
- (c) for each customer who requires enhanced due diligence, procedures to:
 - (i) determine the appropriate documentation necessary to verify the identity and business activities of the customer; and
 - (ii) understand the normal and expected transactions of the customer;and
- (d) establishment of procedures and appropriate monitoring criteria to ensure proper detection and reporting of all known or suspected violations of law and suspicious or unusual transactions, including, but not limited to:
 - (i) effective monitoring of customer accounts and transactions;
 - (ii) appropriate participation by New York Branch senior management

in reviewing and reporting potentially suspicious activity;

(iii) adequate escalation of information about potentially suspicious activity through appropriate levels of management; and

(iv) maintenance of sufficient documentation with respect to the investigation and analysis of suspicious activity, including the resolution and escalation of concerns.

Training

12. Within 60 days of this Order, the Bank and the New York Branch shall jointly submit to the Supervisors an acceptable written plan to improve the training, and the tracking and documentation of training, of all appropriate personnel at the New York Branch including, but not limited to, customer contact personnel. The training should extend to all aspects of regulatory and internal policies and procedures related to the BSA and the identification and reporting of suspicious transactions and be customized as appropriate. The training should be updated on a regular basis to reasonably ensure that all personnel are trained, and are provided annual refresher training, in the most current legal requirements and the New York Branch's risk management processes.

Approval, Implementation, and Progress Reports

13. The Bank and the New York Branch shall jointly submit the written programs, plans, policies, procedures, and engagement letter that are acceptable to the Supervisors within the applicable time period set forth in paragraphs 6, 7, 8, 9, 10, 11, and 12 of this Order. Independent consultants acceptable to the Supervisors shall be retained by the New York Branch, or new or revised engagements shall be executed by the New York Branch with existing consultants, within the period set forth in paragraphs 5 and 10.

14. Within 10 days of approval by the Supervisors, the Bank and the New York Branch shall adopt the programs, plans, policies, procedures, and engagement letter. Upon adoption, the Bank and the New York Branch shall promptly implement the approved programs, plans, policies, and procedures, and thereafter fully comply with them.

15. During the term of this Order, the approved programs, plans, policies, procedures, and engagement letter shall not be amended or rescinded without the prior written approval of the Supervisors.

16. Within 10 days after the end of each month following the date of this Order, the Bank and the New York Branch shall jointly submit to the Supervisors written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Order and the results thereof. Management responses to any audit reports covering BSA/AML matters prepared by internal and external auditors shall be included with the progress reports.

Communications

17. All communications regarding this Order shall be sent to:

- (a) Mr. Daniel Muccia
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045
- (b) Mr. David S. Fredsall
Deputy Superintendent of Banks
New York State Banking Department
One State Street
New York, New York 10004

- (c) Mr. Klaus Rosenfeld
Member of the Management Board
Dresdner Bank AG
Juergen-Ponto-Platz 1
D-60301 Frankfurt am Main
Germany

- (d) Mr. Lawrence List
Chief Operating Officer Americas and General Manager
Dresdner Bank AG, New York Branch
1301 Avenue of the Americas
New York, New York 10019-6163

Miscellaneous

18. Notwithstanding any provision of this Order to the contrary, the Supervisors may, in their sole discretion, grant written extensions of time to the Bank and the New York Branch to comply with any provision of this Order.

19. The provisions of this Order shall be binding, as applicable, upon the Bank, the New York Branch and each of their institution-affiliated parties, in their capacities as such, and their successors and assigns.

20. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated or suspended by the Supervisors. If while this Order is in effect, the Bank, the New York Branch, or their parent companies are parties to a definitive contract to sell the Bank or the New York Branch, or otherwise transfer substantially all of the Bank's or the New York Branch's assets and liabilities to an unaffiliated third-party, the Bank and the New York Branch shall promptly notify the Supervisors, which shall have discretion to stay, modify, terminate, or suspend any or all of the provisions of this Order.

21. The provisions of this Order shall not bar, estop or otherwise prevent the Supervisors or any other federal or state agency from taking any other action affecting the Bank,

the New York Branch, or any of their current or former institution-affiliated parties and their successors and assigns.

By order of the Board of Governors of the Federal Reserve System and the New York State Banking Department, effective this 7th day of November, 2008.

DRESDNER BANK AG

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/ Klaus Rosenfeld
Mr. Klaus Rosenfeld
Member of the Board of
Managing Directors

By: /s/ Jennifer J. Johnson
Jennifer J. Johnson
Secretary of the Board

By: /s/ Stefan Jentzsch
Dr. Stefan Jentzsch
Member of the Board of
Managing Directors

DRESDNER BANK AG
NEW YORK BRANCH

NEW YORK STATE BANKING
DEPARTMENT

By: /s/ Lawrence List
Mr. Lawrence List
Chief Operating Officer Americas
and General Manager

By: /s/ David S. Fredsall
Mr. David S. Fredsall
Deputy Superintendent of Banks