

BANK OF AMERICA AND RBC CAPITAL MARKETS CORP.

State Securities Regulators Announce Settlement with Bank of America and RBC Capital Markets Corp. in Auction Rate Securities Investigations

Under the terms of its settlement, Bank of America agreed that its subsidiary, Blue Ridge Investments, LLC, will buy back at par value as soon as practicable auction rate securities held by individuals that were purchased from Bank of America prior to February 11, 2008. Under terms of the settlement, “individual investors” include all individuals; trusts established by individuals for the benefit of natural persons, family-owned investment vehicles for passive investments IRA accounts, and Keogh and 401(k) plans; all charities and non-profits with account values less than \$25 million with Bank of America; and small- to medium-sized businesses with account values less than \$15 million with Bank of America.

Under the terms of its settlement, RBC agreed to buy back at par value as soon as practicable auction rate securities held by individuals that were purchased from or through RBC prior to February 11, 2008. Under terms of the settlement, “individual investors” include: all individuals; legal entities forming an investment vehicle for family members including but not limited to IRA accounts, Trusts, Family Limited Partnerships and other legal entities performing a similar function; all charities, non-profits, and government entities with accounts of \$25 million or less; and all other entities with accounts of \$10 million or less.

The settlement agreement also calls for Bank of America and RBC to:

- Fully reimburse all individual investors who sold their auction rate securities at a discount after the market failed;
- Consent to a special, public arbitration procedure to resolve claims of consequential damages suffered by individual investors as a result of not being able to access their funds;
- Undertake to expeditiously provide liquidity solutions to all institutional investors; and
- Reimburse all refinancing fees to municipal issuers who issued auction rate securities through between August 1, 2007 and February 11, 2008 and that refinanced those securities after February 11, 2008.

Courtesy North American Securities Administrators Association, *State Securities Regulators Announce Settlement with Bank of America and RBC Capital Markets Corp. in Auction Rate Securities Investigations*, October 8, 2008.