



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

September 28, 2006

Christian J. Mixer, Esq.
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Ave., N.W.
Washington, D.C. 20004

Re: In the Matter of Deutsche Investment Management Americas, Inc., Deutsche Asset Management, Inc., and Scudder Distributors Inc., Administrative Proceeding File No. 3-12442—Waiver Request under Regulation A and Rule 505 of Regulation D


Dear Mr. Mixer:

This is in response to your letter dated today, written on behalf of Deutsche Investment Management Americas, Inc., Deutsche Asset Management, Inc., and Scudder Distributors, Inc. (collectively, the "Respondents") and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933 ("Securities Act"). You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 of Regulation D that may have arisen by virtue of the entry of an order dated the date of this letter against the Respondents by the Securities and Exchange Commission in the referenced administrative proceeding (the "Order"). The disqualifications may have arisen because the Order cites Section 15(b) of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940 as authority for its issuance and certain orders issued under those provisions may result in disqualifications of this kind.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Order against the Respondents. We have also assumed that Respondents have complied and will continue to comply with the Order.

On the basis of your letter, I have determined that the Respondents have made a showing of good cause under Rule 262 and Rule 505(b)(2)(iii)(C) that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 of Regulation D by reason of entry of the Order against the Respondents. Accordingly, pursuant to delegated authority, the Respondents are granted relief from any disqualifications from exemptions otherwise available under Regulation A and Rule 505 of Regulation D that arose as a result of entry of the Order against them.

Very truly yours,


Gerald J. Laporte
Chief, Office of Small Business Policy

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September 28, 2006

VIA HAND DELIVERY

Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-0310

Re: Certain Directed Brokerage Programs (File No. HO-10061)

Dear Mr. Laporte:

We submit this letter on behalf of our clients Deutsche Investment Management Americas, Inc., Deutsche Asset Management, Inc., and DWS Scudder Distributors, Inc. (collectively "Deutsche"), which have settled the above-referenced proceeding by the Securities and Exchange Commission ("Commission") into directed brokerage practices that allegedly violated Section 206(2) of the Investment Advisers Act of 1940 ("Advisers Act") and Section 34(b) and Rule 17d-1 under Section 17(d) of the Investment Company Act of 1940 ("Investment Company Act").

Deutsche requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, promulgated under the Securities Act of 1933 ("Securities Act"), waivers of any disqualifications from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to Deutsche or any of its affiliates as a result of the entry of the Order described below.¹ Deutsche requests that these waivers be granted by the Commission effective upon the entry of the administrative order entered by the Commission as of this date, naming Deutsche as

¹ There is some doubt about whether the disqualification provisions in question would be applicable, given the nature of the sanctions proposed by the Commission in this matter. Since we believe that there is good cause for waiving any disqualification, we are not raising this question in this letter, while reserving all of Deutsche's rights.

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the respondents ("Order"). It is our understanding that the Staff of the Division of Enforcement in Washington, D.C. does not object to the grant of the requested waivers.

BACKGROUND

The Staff of the Division of Enforcement has engaged in settlement discussions with Deutsche in connection with the investigation described above. Deutsche submitted an executed Offer of Settlement, solely for the purpose of proceedings by or on behalf of the Commission, which consented to the entry of the Order.

Under the Order, brought, in part, pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Section 203(e) of the Advisers Act of 1940 ("Advisers Act"), the Commission alleged that Deutsche violated Section 206(2) of the Advisers Act and Section 34(b) and Rule 17d-1 under Section 17(d) of the Investment Company Act, by engaging in the practices described in the Order. The Commission made findings, without admission or denial by Deutsche, that for the time period January 2001 to October 2003 Deutsche and its predecessor entities satisfied, in whole or in part, its revenue sharing agreements by requesting that fund brokerage commissions—a fund asset—be directed to broker-dealers who also sold fund shares, subject to best execution. The Commission also found that Deutsche's and its predecessor entities' shareholder and board disclosure did not adequately disclose the conflict of interest created by the use of fund assets to reduce revenue sharing obligations. Additionally, the Order requires that Deutsche cease and desist from aiding, abetting, committing or causing future violations of the referenced provisions, pay disgorgement, penalty, and interest totaling \$19,329,729 to the mutual funds that paid the directed brokerage and the United States, and comply with the undertakings specified in the Order.

DISCUSSION

Deutsche understands the entry of the Order may disqualify it and its affiliated entities from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D, promulgated under the Securities Act, insofar as the Order may be deemed to cause Deutsche to be subject to an order of the Commission pursuant to Section 15(b) of the Exchange Act and Section 203(e) of the Advisers Act. The Commission has the authority to waive the Regulation A and Rule 505 of Regulation D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

For the following reasons, Deutsche requests that the Commission waive any disqualifying effects that the Order may have on Deutsche, or any of its affiliates, under Regulation A and Rule 505 of Regulation D.

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1. Deutsche's conduct to be addressed in the Order does not relate to offerings under Regulations A or D.
2. The disqualification of Deutsche from the exemptions available under Regulations A and D, we believe, could have an adverse impact on third parties that may retain Deutsche and its affiliates in connection with transactions that rely on these exemptions.
3. The disqualifications would be unduly and disproportionately severe given: (i) the lack of any relationship between the violations addressed in the Order and any Regulation A or D related activity conducted by Deutsche and its affiliates; and (ii) the fact that the Commission staff has negotiated a settlement with Deutsche and reached a satisfactory conclusion to this referenced matter, including a cease-and-desist order, together with a censure and the payment of disgorgement, civil money penalty, and interest, as well as undertakings.²

The undertakings require, among other things, that Deutsche revise its guidelines for entering into revenue-sharing agreements, enhance fund board and shareholder disclosure regarding revenue-sharing and develop policies and procedures relating to the expenditure of fund administrative fees.

4. Deutsche has a strong record of compliance with the securities laws. In addition, Deutsche voluntarily cooperated with the Division of Enforcement's investigation and the Order makes express reference to Deutsche's cooperation during the investigation.

In light of the foregoing, we believe that disqualification is not necessary, in the public interest, or protective of investors, and that Deutsche has shown good cause that relief should be granted. Accordingly, we respectfully urge that the Commission, or an individual Commission employee pursuant to appropriate delegated authority, waive the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent that they may be applicable to Deutsche and any of its affiliates as a result of the entry of the Order.

² We note that the Commission has granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D in similar circumstances. *See, e.g.,* Legg Mason Wood Walker, Inc., S.E.C. No-Action Letter (pub. avail. Sept. 21, 2005); Smith Barney Fund Management LLC, S.E.C. No-Action Letter (pub. avail. May 31, 2005); Citigroup Global Markets, Inc., S.E.C. No-Action Letter (pub. avail. Mar. 23, 2005).

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Please do not hesitate to contact the undersigned at 202.739.5575, if you have any questions regarding this request.

Very truly yours,

A handwritten signature in black ink, appearing to read 'CJM', written in a cursive style.

Christian J. Mixter

c: A. Thomas Smith, Esq., Deutsche Bank