UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9368 / November 16, 2012

SECURITIES EXCHANGE ACT OF 1934
Release No. 68251 / November 16, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15098

In the Matter of

Credit Suisse Securities (USA) LLC;
DLJ Mortgage Capital, Inc.;
Credit Suisse First Boston Mortgage Acceptance Corp.;
Credit Suisse First Boston Mortgage Securities Corp.; and
Asset Backed Securities Corporation

Respondents.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Credit Suisse Securities (USA) LLC, DLJ Mortgage Capital, Inc., Credit Suisse First Boston Mortgage Acceptance Corp., Credit Suisse First Boston Mortgage Securities Corp., and Asset Backed Securities Corporation ("Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds[1] that:

Summary

This matter involves two separate practices in which Credit Suisse Securities (USA) LLC, and affiliated entities (collectively, "Credit Suisse") engaged with respect to residential mortgage-backed securities ("RMBS") it sponsored and/or underwrote.

First, from approximately 2005 to 2010, Credit Suisse entered into a number of financial settlements with loan originators related to early defaulting loans it had previously sold to securitization trusts it sponsored, and then kept the proceeds of those settlements without notifying or compensating the RMBS trusts that owned the loans (the "bulk settlement" practice). Credit Suisse failed to disclose this practice to its RMBS investors. Additionally, with respect to certain RMBS transactions, Credit Suisse failed to comply with offering document provisions that required it to repurchase certain early defaulting loans. As a result of this conduct, Credit Suisse improperly obtained approximately $55,747,769.

Separately, in late 2006, Credit Suisse underwrote two RMBS transactions that were collateralized by approximately $1.9 billion of subprime mortgages. In connection with its efforts to market and sell these RMBS, Credit Suisse made misleading statements regarding a key investor protection known as the "First Payment Default" ("FPD") covenant, which required the originators of the loans to repurchase certain delinquent loans or otherwise cure breaches of the covenant. If the originators were notified of and subsequently failed to repurchase or cure a breach of the FPD covenant within the meaning of the Pooling and Servicing Agreements ("PSAs"), Credit Suisse was required to do so. Notwithstanding this provision, Credit Suisse, without disclosure, did not ensure the removal of all such loans. As a result, investors sustained losses of approximately $10,056,561 on the loans that improperly remained in the RMBS trusts.

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Respondents

1. **Credit Suisse Securities (USA) LLC ("Credit Suisse Securities")**, is a Delaware limited liability company with headquarters in New York, New York. Credit Suisse Securities is a broker-dealer registered with the Commission. Credit Suisse Securities acted as underwriter for the RMBS offerings described in this Order. In that capacity, Credit Suisse Securities acquired the securities issued by the RMBS trusts and sold them to investors. Credit Suisse Securities' only formal role with the offer and sale of RMBS was as underwriter, but the individuals who acted for the sponsor and depositors in the transactions were employees of Credit Suisse Securities.

2. **DLJ Mortgage Capital, Inc. ("DLJMC")** is a Delaware corporation and an affiliate of Credit Suisse Securities with headquarters at Credit Suisse's office in New York. DLJMC was the sponsor of the RMBS transactions described in this Order. As sponsor, DLJMC purchased mortgage loans from originators and sold them to depositors for resale to the RMBS trusts.

3. **Credit Suisse First Boston Mortgage Acceptance Corp. ("CSFBMAC")** is a Delaware corporation and an affiliate of Credit Suisse Securities with headquarters at Credit Suisse's office in New York. CSFBMAC was a depositor for certain of the RMBS described in this Order. CSFBMAC acquired mortgage loans from the sponsor and sold them to the trusts pursuant to PSAs.

4. **Credit Suisse First Boston Mortgage Securities Corp. ("CSFBMSC")** is a Delaware corporation and an affiliate of Credit Suisse Securities with headquarters at Credit Suisse's office in New York. CSFBMSC was a depositor for certain of the RMBS described in this Order and operated in a similar fashion to CSFBMAC as described above.

5. **Asset Backed Securities Corporation ("ABSC")** is a Delaware corporation and an affiliate of Credit Suisse Securities with headquarters at Credit Suisse's office in New York. ABSC was a depositor for certain of the RMBS described in this Order and operated in a similar fashion to CSFBMAC and CSFBMSC as described above. During the relevant period, ABSC was subject to reporting obligations pursuant to Section 15(d) of the Exchange Act.

The Securitization Process

6. Credit Suisse structured and sold RMBS through the sponsor, depositor, and underwriter entities described above. With respect to the majority of the securitizations described herein, Credit Suisse, through DLJMC, began the process by purchasing mortgage loans from hundreds of different originators. DLJMC sold the loans to the depositors, and the depositors transferred the loans to the trusts in exchange for certificates representing the RMBS investments. The depositors sold the certificates to Credit Suisse Securities, the underwriter, which sold them to the public. The depositors remitted the funds that they received from Credit Suisse Securities to DLJMC as payment for the loans. Credit Suisse Securities obtained money

through its sales of securities to the public and received underwriting fees in connection with the RMBS transactions.

7. The loans were passed to the trusts through a depositor entity to ensure that the trust assets were "bankruptcy remote," and thus could not be encumbered by Credit Suisse's creditors. The transactions were also structured in this way to enable the trusts to qualify as Real Estate Mortgage Investment Conduits ("REMICs"), which receive favorable tax treatment. Because the trusts were REMICS, the sponsor and depositors were required to give up effective control of the loans.

8. The RMBS transactions also involved "servicer" entities, which were paid fees based on collections from borrowers. A Credit Suisse affiliate at times acted as the servicer for the mortgages in the pools. The servicers collected payments due from borrowers on the loans owned by the trusts and passed the payments to the trusts. The trusts used these funds to pay investors pursuant to the terms of the RMBS. When homeowners defaulted on their loans, the servicers were responsible for foreclosing on the properties on behalf of the trusts.

9. Credit Suisse made statements to the public in the offer and sale of RMBS. These statements appeared, among other places, in the following documents filed with the Commission (the "offering documents").

a. <u>The Registration Statement</u>. The depositors filed and signed Form S-3 registration statements with the Commission for each series of RMBS offerings. Each Form S-3 contained, among other things, a form prospectus describing the securities to be issued under that registration statement and a form PSA.

b. <u>The Prospectus Supplement and Prospectus</u>. The depositors filed a Prospectus Supplement and Prospectus that contained specific information related to each trust. The Prospectus Supplements and Prospectuses described, among other things, the structure of the bonds being offered and the characteristics of the loans backing the bonds. They also described some of the provisions of the PSAs pursuant to which the depositors transferred the loans to the trusts. The Prospectus Supplements and Prospectuses were not separately signed, but became a part of the previously signed and filed Forms S-3.

c. <u>The PSA</u>. The depositors filed Forms 8-K with the PSAs attached. The PSAs set forth, among other things, the roles, responsibilities, rights and obligations of the sponsor, depositor, servicer, and other parties to the transaction. The PSAs also conveyed the loans to the trusts and set forth representations and warranties of the sponsor regarding the loans. The PSAs were typically signed by officers of the sponsor, depositor, servicer, and others.

10. The depositors, DLJMC, and Credit Suisse Securities were all involved in the securitization process and in the preparation of the offering documents. The depositors signed and filed the Form S-3 registration statements. The depositors and DLJMC signed the PSAs, and the depositors filed them with the Forms 8-K. Credit Suisse Securities' and DLJMC's names appeared on the securitization documents as the underwriter and sponsor respectively, and Credit Suisse Securities' employees operated the depositors and sponsor.

Facts Related to Bulk Settlements

A. The Bulk Settlement Practice

11. Credit Suisse purchased loans from originators pursuant to Mortgage Loan Purchase Agreements ("MLPAs"). In the MLPAs, the originators typically committed to repurchase the loans if they breached various representations and warranties or if the borrower missed one of the first three payments due following Credit Suisse's purchase of the loan ("early payment defaults" or "EPDs"). In the relevant securitizations, Credit Suisse typically did not make an EPD representation to the trusts, in the PSA or otherwise. When Credit Suisse discovered that a loan suffered an EPD or otherwise breached an originator's representation or warranty, Credit Suisse often demanded that the originator repurchase the loan and delivered the loan back to the originator upon receiving the repurchase price. Credit Suisse made these repurchase demands both in situations where Credit Suisse owned the loan and where it had previously sold the loan to a RMBS trust.

12. If the originator agreed to repurchase a securitized loan, Credit Suisse repurchased it from the trust. These repurchases were often conducted pursuant to an optional repurchase provision included in the PSA to permit Credit Suisse to pursue repurchase claims against originators. However, Credit Suisse often settled repurchase claims against originators by accepting cash payments from the originator in lieu of repurchase. These settlements are described in this Order as "bulk settlements" because they often included cash payments for many different loans. When Credit Suisse entered into bulk settlements on securitized loans, it often did not repurchase the loans from the trusts or pay any of the settlement proceeds to the trusts that owned the loans. Instead, Credit Suisse retained the proceeds and left the loans underlying the bulk settlements in the trusts. In this manner, Credit Suisse collected additional funds on some early defaulting loans it had sold to RMBS trusts. Under the PSAs, Credit Suisse was obligated to repurchase any such loans that materially breached any of the representations and warranties that it made to the trusts.

13. By the beginning of 2005, bulk settlements were an established practice at Credit Suisse. Through DLJMC, Credit Suisse entered into approximately 110 bulk settlements with originators between 2005 and 2010. These bulk settlements involved loans from 75 different RMBS trusts whose securities Credit Suisse Securities offered and sold to the public from 2005 to 2007. Credit Suisse retained approximately $28.1 million it received from bulk settlements involving these loans, excluding the bulk settlement proceeds it received for loans included in the transactions described in paragraphs 14 and 15 below.

14. The PSAs for eight securitizations that occurred between April and December 2005 provided that Credit Suisse would repurchase loans from RMBS trusts if the loans were "subject to repurchase" by an originator pursuant to an EPD provision in an MLPA. Credit Suisse entered into bulk settlements related to approximately 385 loans owned by these eight RMBS trusts. In nearly every case, Credit Suisse issued repurchase demands to originators stating that it had determined that these loans violated the EPD provisions of the relevant MLPAs. Credit Suisse avoided approximately $18.3 million in losses by not repurchasing bulk settlement loans from these trusts.

15. In the offering documents for one securitization that occurred in February 2006, Credit Suisse transferred to the trust all of its rights under the MLPA with the originator of the underlying loans, and also represented that it would repurchase any loan on which the debtor failed to make the January 2006 scheduled payment. In April 2006, Credit Suisse demanded that the originator repurchase 393 loans that violated the EPD provisions in the MLPA and that had failed to make the January 2006 payment when originally due. Credit Suisse then entered into a bulk settlement with the originator and left approximately 231 of the 393 loans in the trust. Credit Suisse avoided approximately $9.3 million in losses by not repurchasing these bulk settlement loans from the trust.

16. Credit Suisse did not disclose its bulk settlement practice to investors in RMBS. Through the bulk settlement practice, Credit Suisse collected funds when loans it sold to RMBS trusts violated terms in MLPAs and this practice would have been material to investors' decisions whether to invest with Credit Suisse in these RMBS trusts had investors known about the practice. Almost all of the bulk settlements involved loans with EPDs, and, by at least 2007, Credit Suisse was aware that some investors were focused on EPDs. Because an EPD occurred almost immediately after the mortgage loan was originated, such a default was a red flag of a possible breach of underwriting standards or other loan origination problems.

17. In the PSAs for all of the relevant RMBS transactions, Credit Suisse made representations and warranties to the trusts concerning, among other things, characteristics of the loans and the process through which the originators underwrote the loans. Credit Suisse further represented that it would repurchase loans whenever it discovered or was notified of a material breach of one of its representations or warranties to the trusts. During the relevant period, Credit Suisse employees were aware that EPDs sometimes signaled origination and underwriting problems. Credit Suisse employees also knew that the bulk settlement practice had not been disclosed to investors and that investors were not aware of it. At least one Credit Suisse employee stated in an internal e-mail that bulk settlements would be a surprise and concern to RMBS investors. Credit Suisse told investors who inquired about EPDs that although it did not make an EPD representation to the trusts, Credit Suisse repurchased loans to enforce its EPD rights against originators. However, Credit Suisse did not disclose that at times it also enforced EPD rights without repurchasing loans.

18. Credit Suisse sampled 3% to 5% of all loans every month to identify deficiencies associated with origination of the loans. Through this loan quality review process, Credit Suisse learned facts that could constitute breaches of representations and warranties Credit Suisse made to RMBS trusts. However, beginning in at least late 2007, when Credit Suisse issued a

repurchase demand to an originator, it excluded the relevant loan from its quality review process. Because Credit Suisse sent repurchase demands to originators on EPD loans, during this time Credit Suisse did not perform a quality review process on these loans. As a result, Credit Suisse's quality review process did not identify evidence of breaches of its own representations and warranties on loans that were the subjects of bulk settlements. Credit Suisse also instituted a more general practice of repurchasing securitized loans that breached the EPD covenant of an MLPA only when an originator had paid Credit Suisse the full amount to repurchase the EPD loans.

B. Misleading Statements

19. The offering documents frequently disclosed that Credit Suisse had rights against originators, and that exercise of these rights was linked with repurchases of the relevant loans out of RMBS trusts. Credit Suisse included a provision in many of the relevant offering documents which stated that Credit Suisse had the right to repurchase loans from the trusts "to facilitate its rights" against originators based on a breach of the MLPA between Credit Suisse and the relevant originator. Credit Suisse also disclosed in many of its offering documents that, "[t]o mitigate" the risk that it would have to repurchase loans from the trusts, it "obtain[ed] appropriate representations and warranties" from originators. Credit Suisse did not disclose that it might exercise rights against originators by entering into settlements without repurchasing the loans from the trusts.

20. Offering documents for all of the RMBS transactions represented that the sponsor and depositor transferred all "right, title and interest" to the loans, as well as all "proceeds" from the loans, into the trusts. These documents also stated that the trusts qualified for REMIC tax status. Credit Suisse did not disclose that, despite this transfer and the relinquishment of control over the loans, Credit Suisse enforced rights against originators for loans owned by the trusts, without repurchasing them.

21. Items 1111(e) and 1111(g) of Regulation AB require disclosure of "representations and warranties made concerning the pool assets" and the remedies available for breaches of those representations and warranties, as well as a description of the "circumstances" under which "pool assets may be . . . removed from the asset pool, such as [for] a breach of a pool asset representation or warranty." As stated in paragraph 17 above, Credit Suisse represented that it would repurchase loans whenever it discovered or was notified of a material breach of one of its representations or warranties to the trust. These statements were misleading in light of Credit Suisse's undisclosed practices (1) to apply its loan quality review processes differently for loans subject to a repurchase request than other loans; and (2) to not repurchase loans for which Credit Suisse had made originator repurchase requests unless the originators agreed to repurchase them.

22. Credit Suisse also failed to make required disclosures designed to inform investors about potential conflicts of interest. Item 1119(c) of Regulation AB requires disclosure of relationships, involving or relating to the pool assets, between the sponsor and originators of more than 10% of the pool assets. By virtue of its practice of making claims against originators

on trust-owned assets, Credit Suisse maintained a relationship with originators relating to the pool assets. To the extent that Credit Suisse had such a relationship with originators of 10% or more of the trust assets, that relationship was required to be disclosed, but Credit Suisse failed to make the required disclosures.

23. Item 1104(c) of Regulation AB requires disclosure of "information or factors related to the sponsor that may be material to an analysis of the origination or performance of the pool assets." The bulk settlement practice was relevant to the origination of loans because Credit Suisse collected additional funds on early defaulting loans sold to RMBS trusts. Yet, the practice was not disclosed.

24. Credit Suisse made statements in offering documents for the nine transactions discussed in paragraphs 14 and 15 above about its obligation to repurchase certain EPD loans. These statements were misleading because Credit Suisse had established its practice of settling EPD claims against originators without repurchasing such loans from trusts and without disclosure of such practice to investors.

25. As a result of the negligent conduct described above, Credit Suisse violated Section 17(a)(2) of the Securities Act, which prohibits a person in the offer or sale of securities from directly or indirectly obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

C. Acts that Operated as a Fraud or Deceit upon Purchasers of RMBS Securities

26. The bulk settlement practice involved a number of acts that operated as a fraud or deceit on RMBS investors. These acts included, but were not limited to: (1) The settling of repurchase claims against originators, and keeping the consideration received, when Credit Suisse had sold the underlying loans to RMBS trusts; (2) The collection of settlement proceeds for securitizations where Credit Suisse had passed through its MLPA rights to an RMBS trust or had itself promised to repurchase certain EPD loans; (3) The application of different quality review procedures for loans that Credit Suisse sought to put back to originators and the practice of not repurchasing such loans from trusts unless the originators had agreed to repurchase them; (4) The failure to disclose the bulk settlement practice when answering investor questions about EPDs; and (5) The failure to notify trustees or investors about the benefits Credit Suisse retained related to securitized loans, despite knowing that investors were unaware of the bulk settlement practice.

27. As a result of the negligent conduct described above, Credit Suisse violated Section 17(a)(3) of the Securities Act, which prohibits a person in the offer or sale of securities from directly or indirectly engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon a purchaser of securities.

Facts Related to First Payment Defaults

D. The First Payment Default Provision

28. The second practice at issue relates to two November 2006 securitizations (the "November 2006 securitizations") which were collateralized by $1.9 billion of subprime mortgages originated by subsidiaries of two large subprime mortgage originators. The entity that sold $1.5 billion of the mortgages to Credit Suisse will hereinafter be referred to as the "Originator". The November 2006 securitizations were structured by a business within Credit Suisse's Fixed Income division known as the Asset Finance Capital Markets group (the "ABS group"). The ABS group held, with intent to sell, the junior net interest margin securities and the residuals in the deals.

29. The mortgage loan purchase agreement between Credit Suisse and the Originator contained a covenant known as the FPD covenant. The FPD covenant is similar to, but distinct from, the EPD provision that is described in sections A through C, *supra*. The FPD covenant required the Originator to repurchase or substitute any mortgage in the collateral pool that failed to make either its October 2006 mortgage payment ("October FPDs") or its November 2006 mortgage payment ("November FPDs") within 45 days of the operative due date (the "Determination Date"). If the Originator was notified of, and thereafter failed for any reason to repurchase, a mortgage that was in breach of the FPD covenant within the meaning of the PSA as of the Determination Date, DLJMC was required to repurchase the mortgage (the "FPD backstop"). As of November 30, 2006, all rights and interests in and concerning the FPD covenant were assigned to and assumed by the RMBS trusts for the benefit of investors.

30. Credit Suisse marketed to potential investors the protections afforded by the FPD covenant and the FPD backstop. Among other things, Credit Suisse stated in its marketing materials that "all First Payment Default Risk" was removed from its securitizations, that it "enforced" the FPD covenant in order to "mitigate the effect" of fraudulent mortgages, and that its interests were aligned with investors'. The FPD covenant and the FPD backstop were material to investors.

31. The Prospectus Supplements, which were filed with the Commission on December 1, 2006, informed prospective investors of the Originator's representation that, as of the October 23, 2006 closing date of the MLPA, no mortgage loan in the RMBS trust had been delinquent for more than 30 days in the prior 12 months.

32. The Prospectus Supplements also described the Originator's obligations with respect to loans that failed timely to make their November 2006 payment, stating that the Originator was obligated to repurchase any mortgage loan that was in breach of the FPD covenant 45 days after the mortgage loan's November 1, 2006 due date.

33. The PSAs for the November 2006 securitizations required Credit Suisse, "upon discovery" of a breach of the FPD covenant "in respect of any Mortgage Loan that materially adversely affects the value of such Mortgage Loan" to notify the RMBS trustee of such breach.

The RMBS trustee was then required to "cause the Originator . . . to cure such . . . breach." The PSAs for the November 2006 securitizations were executed by Credit Suisse on or around November 1, 2006, but were not publicly filed until mid-December 2006, at least two weeks after the RMBS notes for the November 2006 securitizations were sold to the public.

34. Credit Suisse began marketing the November 2006 securitizations on or about October 27, 2006. On November 15, 2006, Credit Suisse learned that the Originator's financial condition was deteriorating.

35. After learning of the Originator's deteriorating financial condition, Credit Suisse began closely monitoring its potential financial exposure to the Originator, which included exposure through the FPD backstop. During or shortly after a November 15, 2006 meeting with the Originator's senior management, at which the Originator reviewed its financial condition with a team from Credit Suisse, a manager in the ABS group sent one of his colleagues in the ABS group an e-mail stating: "Just making sure we are all over [the Originator] on the EPDs in our pool."

36. By mid-December, the number of FPDs in the November 2006 securitizations was, according to a manager in the ABS group, "unprecedented," and subprime originators "were losing their credit-worthiness in a hurry."

37. At or about the same time, Credit Suisse began working to limit the number of mortgages that were put back to the Originator pursuant to the FPD covenant. On December 19, 2006, Credit Suisse provided the Originator with documents reflecting "the final population of loans that qualify as [FPDs]" and instructed the Originator to repurchase the October FPDs by December 29, 2006. Credit Suisse further instructed the Originator to repurchase the November FPDs by January 10, 2007 (the "December 19 demand").

38. With respect to the October FPDs, the December 19 demand did not include 44 mortgages that qualified as FPDs because they had not made their October payment by the November 15, 2006 Determination Date.

39. In a series of communications with Credit Suisse following the December 19 demand, the Originator expressed reservations about its obligations concerning the November FPDs, and sought "flexibility" from Credit Suisse with respect to the FPD covenant.

40. Credit Suisse subsequently undertook a review of the November FPDs that were included in the December 19 demand. In its review, which was not disclosed to investors, Credit Suisse sought to determine which of the November FPDs were, in its view, most likely indicative of borrowers' inability to pay. On January 3, 2007, Credit Suisse sent a revised demand to the Originator (the "January 3 demand") reflecting the results of this review. The January 3 demand failed to include 85 mortgages that had qualified as November FPDs and that had been included in the December 19 demand.

41. Investors in the RMBS trusts were not informed that Credit Suisse did not demand a repurchase of all the mortgages that breached the FPD covenant.

42. In total, the more than 100 mortgages that breached the FPD covenant but that Credit Suisse failed to put back to the Originator caused losses of approximately $10 million to the November 2006 securitizations.

43. After the November 2006 securitizations closed, parties to the securitizations provided Regulation AB assessments pursuant to Items 1122(d)(4)(iii) and 1122(d)(4)(xiv), confirming that "additions, removals or substitutions to the asset pool [were] made," and "delinquencies [were] recognized" in accordance with the transaction agreements (the "Item 1122(d) sub-certifications").

44. In exhibits to Forms 10-K filed on March 30, 2007, ABSC certified that the Item 1122(d) sub-certifications did not "contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made . . . not misleading." ABSC's certification was misleading.

45. Credit Suisse obtained money from underwriting fees on the November 2006 securitizations, and through the sale of the mortgages to the RMBS trust on the closing date of the securitizations.

E. Misleading Statements Concerning the First Payment Default Provision

46. Credit Suisse misled investors in the November 2006 securitizations by making statements that all mortgage loans that breached the FPD covenant would be removed from the collateral pool for the November 2006 securitizations. Credit Suisse should have known that all loans that breached the FPD covenant would not be put back to the Originator.

47. Credit Suisse also represented that its interests were aligned with investors' interests by virtue of the FPD covenant. Credit Suisse failed to correct this representation when it became clear in mid-November 2006 that its interests were not completely aligned with investors' interests with respect to the FPD covenant.

48. As a result of the negligent conduct described above, Credit Suisse violated Section 17(a)(2) of the Securities Act, which prohibits a person in the offer and sale of securities from directly or indirectly obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

F. Acts that Operated or Would Operate as a Fraud or Deceit upon Purchasers

49. After learning of the Originator's dire financial condition, Credit Suisse limited the number of loans that were put back to the Originator as a result of breaches of the FPD covenant. Credit Suisse was motivated to limit the number of loans put back to the Originator because, if the Originator refused or was unable to repurchase the loans, Credit Suisse, through its affiliate, DLJMC, was obligated to repurchase the loans that materially breached the FPD covenant directly from the securitization trust through the FPD backstop.

50. Credit Suisse failed to put back to the Originator more than 100 mortgages that were in breach of the FPD covenant. Credit Suisse did not disclose to the trustee or to investors that these mortgages would remain in the collateral pool for the November 2006 securitizations.

51. As a result of the negligent conduct described above, Credit Suisse violated Section 17(a)(3) of the Securities Act, which prohibits a person in the offer or sale of securities from directly or indirectly engaging in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon a purchaser of securities.

G. Misleading Statements in ABSC's Regulation AB Certifications

52. As set forth in the forgoing paragraphs, ABSC's Regulation AB certifications for the November 2006 securitizations were materially misleading. As a result, ABSC violated Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, and 15d-14(d) thereunder, which require each issuer that has filed a Securities Act registration statement which has become effective to file with the Commission such information, documents and annual and quarterly reports as the Commission may require, and mandate that periodic reports contain such certifications and further material information as may be necessary to make the required statements not misleading.

Conclusion

53. As a result of the negligent conduct described above, Respondents Credit Suisse Securities (USA) LLC, DLJ Mortgage Capital, Inc., Credit Suisse First Boston Mortgage Acceptance Corp., Credit Suisse First Boston Mortgage Securities Corp., and Asset Backed Securities Corporation, and each of them, violated Sections 17(a)(2) and (3) of the Securities Act, and Asset Backed Securities Corporation violated Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, and 15d-14(d) thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offer.

Accordingly, it is hereby ORDERED that**:**

A. Pursuant to Section 8A of the Securities Act, Respondents Credit Suisse Securities (USA) LLC, DLJ Mortgage Capital, Inc., Credit Suisse First Boston Mortgage Acceptance Corp., Credit Suisse First Boston Mortgage Securities Corp., and Asset Backed Securities Corporation cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act.

B. Pursuant to Section 21C of the Exchange Act, Respondent Asset Backed Securities Corporation cease and desist from committing or causing any violations and any future violations of Section 15(d) of the Exchange Act and Rules 12b-20, 15d-1, and 15d-14(d) thereunder.

C. All Respondents shall, jointly and severally, within ten (10) business days of the entry of this Order, pay disgorgement of $55,747,769, prejudgment interest of $13,000,000, and a civil money penalty in the amount of $33,000,000 to the Securities and Exchange Commission related to Bulk Settlements. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or
(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Credit Suisse Securities (USA) LLC, DLJ Mortgage Capital, Inc., Credit Suisse First Boston Mortgage Acceptance Corp., Credit Suisse First Boston Mortgage Securities Corp., and Asset Backed Securities Corporation as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Kenneth Lench, Chief-Structured and New Products Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

D. Respondents Credit Suisse Securities (USA) LLC and Asset Backed Securities Corporation shall, jointly and severally, within ten (10) business days of the entry of this Order, in addition to the payments ordered in paragraph IV.C above, pay disgorgement of $10,056,561, prejudgment interest of $2,200,000, and a civil money penalty in the amount of $6,000,000 to the Securities and Exchange Commission related to First Payment Defaults. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Credit Suisse Securities (USA) LLC and Asset Backed Securities Corporation as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Kenneth Lench, Chief-Structured and New Products Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, two separate Fair Funds may be created for the disgorgement, interest and penalties related to Bulk Settlements and First Payment Defaults referenced in paragraphs IV.C and IV.D above. Regardless of whether any such Fair Fund distributions are made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against any of the Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

F. The disgorgement, interest, and civil penalties paid to each Fair Fund shall be distributed pursuant to a distribution plan (the "Plan") to be administered in accordance with the Commission Rules of Practice governing Fair Funds and Disgorgement Plans. A Fund Administrator (the "Administrator") shall be appointed by the Commission. The Administrator will prepare, in coordination with the Commission staff, the Plan to distribute each Fair Fund resulting from this Order. The Plan will be subject to Commission approval. Respondents shall, jointly and severally, pay all reasonable administrative costs and expenses of each distribution, including the fees and expenses of a tax administrator, within thirty (30) days after receipt of an invoice for such services.

By the Commission.

Elizabeth M. Murphy
Secretary