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SECURITIES COMMISSIONER



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Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.state.tx.us

IN THE MATTER OF
THE DEALER REGISTRATION OF
CITIGROUP GLOBAL MARKETS INC.

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Order No. IC10-CAF-12

TO: Elaine Mandelbaum, Managing Director
Citigroup Global Markets Inc. (CRD No. 7059)
388 Greenwich Street
New York, NY 10013

DISCIPLINARY ORDER

Be it remembered that Citigroup Global Markets Inc. ("Respondent"), by and through Elaine Mandelbaum, its Managing Director, appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2009)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2008 & Supp. 2009)("Administrative Procedure Act").
2. On or about July 25, 1983, Respondent registered with the Securities Commissioner as a dealer. This registration is currently effective.
3. On or about October 3, 2006, Respondent submitted an application to register a person (the "Agent") with the Securities Commissioner as an agent of Respondent. The Agent has been an employee of Respondent since 1993, and was previously registered with the Securities Commissioner as an agent of Respondent during the period from July 31, 1993 through December 10, 2004.

4. Due to the number of complaints disclosed on the Agent's Form U4¹ at the time of the 2006 application, examiners from the Registration Division of the Texas State Securities Board ("Staff") initiated a review of the Agent's business activity and complaint history.
5. After completing a review of these complaints, the Staff recommended that the Agent's application for registration be approved only after the Agent and Respondent entered into an Undertaking with certain heightened supervisory and reporting requirements.
6. On or about January 26, 2007, as a condition of the Staff's approval of the Agent's application, Respondent entered into an Undertaking with the Securities Commissioner.
7. In paragraph 6 of the Undertaking, Respondent specifically agreed to the following:

[Agent] and [Respondent] further undertake and agree that, for a period of two (2) years from the date [Agent's] registration is granted, [Agent] and [Respondent] will, within ten (10) business days of receipt by [Agent] or [Respondent], promptly deliver or cause to be delivered to the Director of the Inspections & Compliance Division of the Texas State Securities Board, any written or oral complaints and regulatory actions in which Applicant's names appears or in which Applicant is otherwise involved.
8. On or about February 15, 2007, Client A filed an arbitration claim against Respondent. Client A's arbitration claim involved primarily allegations of unsuitable recommendations and transactions by the Agent.
9. Respondent did not deliver a copy of Client A's arbitration claim to the Director of the Inspections & Compliance Division of the Texas State Securities Board (the "Director").
10. On or about June 22, 2007, Client B filed an arbitration claim against the Agent and Respondent. Respondent did not deliver a copy of Client B's arbitration claim to the Director.
11. On or about September 17, 2007, Client C made a verbal complaint to Respondent regarding the Agent's activities. Respondent did not deliver to the Director any notification or documents related to Client C's verbal complaint.
12. On or about October 19, 2007, Client D filed a written complaint with the Agent and Respondent regarding the Agent's recommendations to Client D.

¹ The full title of the Form U4 is "Uniform Application for Securities Industry Registration or Transfer".

13. Respondent did not deliver Client D's complaint to the Director until February 21, 2008.
14. On or about February 2, 2008, Client E filed an arbitration claim against Respondent. Client E's arbitration claim involved primarily allegations of unsuitable recommendations and transactions by the Agent.
15. Respondent did not deliver a copy of Client E's arbitration claim to the Director until February 21, 2008.
16. Prior to February 21, 2008, Respondent had not submitted any documents or information to the Director pursuant to the terms of the Undertaking. In a letter dated February 21, 2008 and addressed to the Director, Respondent represented that Client D's complaint was not delivered to the Director within the ten business day time frame because the complaint was forwarded to a "department within [Respondent] that was unaware of the Undertaking." Notably, Respondent did not provide the Director with copies of the arbitrations and complaint filed by Clients A, B, and C even after Respondent apparently discovered a gap in internal notification regarding the Undertaking.
17. Respondent maintained supervisory procedures addressing compliance with heightened supervision requirements. However, Respondent did not enforce those procedures in connection with the Undertaking.

CONCLUSIONS OF LAW

1. Respondent's failure to deliver to the Director any notice of Client A's arbitration claim constitutes a violation of Respondent's Undertaking with the Securities Commissioner.
2. Respondent's failure to deliver to the Director any notice of Client B's arbitration claim constitutes a violation of Respondent's Undertaking with the Securities Commissioner.
3. Respondent's failure to deliver to the Director any notice of Client C's complaint constitutes a violation of Respondent's Undertaking with the Securities Commissioner.
4. Respondent's failure to deliver to the Director timely notice of Client D's complaint constitutes a violation of Respondent's Undertaking with the Securities Commissioner.
5. Respondent's failure to deliver to the Director timely notice of Client E's arbitration claim constitutes a violation of Respondent's Undertaking with the Securities Commissioner.

6. Respondent failed to enforce written procedures designed to achieve compliance with the Texas Securities Act and Rules and Regulations of the Texas State Securities Board ("Board Rules"), which is a violation of §115.10(b)(1) of the Board Rules.
7. Pursuant to Sections 14.A(6) and 14.A(11) of the Texas Securities Act, Respondent's violation of §115.10 of the Board Rules and failures to comply with the Undertaking constitute bases for the issuance of an Order reprimanding Respondent.
8. Pursuant to Section 23-1 of the Texas Securities Act, Respondent's violation of §115.10 of the Board Rules constitutes a basis for the assessment of an administrative fine against Respondent.

ORDER

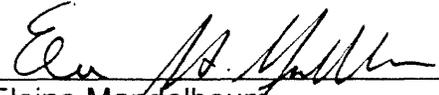
1. It is hereby ORDERED that Citigroup Global Markets Inc. is REPRIMANDED.
2. It is further ORDERED that Citigroup Global Markets Inc. is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of One Hundred and Thirty Thousand Dollars (\$130,000.00). Payment shall be made by delivery of a check to the Securities Commissioner in the amount of One Hundred and Thirty Thousand Dollars (\$130,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 3rd
day of May, 2010.


DENISE VOIGT CRAWFORD
Securities Commissioner

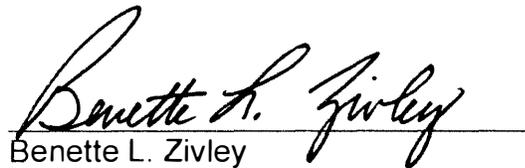
Respondent:

Citigroup Global Markets Inc.



By: Elaine Mandelbaum
Managing Director

Approved as to Form:



Benette L. Zivley
Director
Inspections and Compliance Division



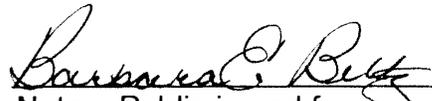
Ronak V. Patel
Assistant Director
Inspections and Compliance Division

ACKNOWLEDGMENT

On the 29th day of April, 2010, Citigroup Global Markets Inc. ("Respondent"), by and through Elaine Mandelbaum, its Managing Director, personally appeared before me, executed the foregoing Order, and acknowledges that:

1. Elaine Mandelbaum is duly authorized to enter into the foregoing Order on behalf of Respondent;
2. Elaine Mandelbaum has read the foregoing Order;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

[affix notary seal here]



Notary Public in and for
the State of New York

My commission expires on: 1-18-14

BARBARA E. BELTZ
Notary Public, State of New York
No. 01BE5022646
Qualified in Richmond County
Commission Expires January 18, 20 14