March 23, 2005

Harry J. Weiss, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
2445 M Street, N.W.
Washington, D.C. 20037

Re: Citigroup Global Markets, Inc.—Waiver Request under Regulation A and Rule 505 of Regulation D

Dear Mr. Weiss:

This is in response to your letter dated today, written on behalf of Citigroup Global Markets, Inc. ("CGMI") 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 arise by virtue of the order entered today by the Securities and Exchange Commission, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), ordering CGMI to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Rule 10b-10 under the Exchange Act, censuring CGMI, requiring that CGMI pay a civil money penalty in the amount of $20,000,000, and requiring that CGMI comply with certain undertakings set forth in the order (the "Order").

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. We have also assumed that CGMI will comply with the Order.

On the basis of your letter, I have determined that you 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 the entry of the Order. Accordingly, pursuant to delegated authority, and without necessarily agreeing that the requested relief is necessary by virtue of entry of the Order, CGMI is granted relief from disqualifications from exemptions otherwise available under Regulation A and Rule 505 of Regulation D that arise as a result of entry of the Order.

Very truly yours,

Gerald J. Laporte
Chief, Office of Small Business Policy
March 23, 2005

BY MESSENGER

Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: **Salomon Smith Barney (P-1026)**

Dear Mr. LaPorte:

This letter is submitted on behalf of our client, Citigroup Global Markets, Inc. ("CGMI"), the settling respondent in an administrative proceeding arising out of the above-captioned investigation. CGMI hereby requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Securities and Exchange Commission (the "Commission") promulgated under the Securities Act of 1933 (the "Securities Act"), waivers of any disqualifications from exemptions under Regulations A and D that may be applicable to CGMI and any of the issuers described below as a result of the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (the "Order"), which is described below. CGMI requests that these waivers be granted effective upon the entry of the Order. It is our understanding that the Philadelphia District Office does not object to the grant of the requested waivers.

BACKGROUND

The staff of the Commission engaged in settlement discussions with CGMI in connection with administrative proceedings arising out of the above-captioned investigation pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (the "Exchange Act"). As a result of these discussions, CGMI submitted an executed Offer of Settlement of Citigroup Global Markets, Inc. (the "Offer") that was presented by the
staff to the Commission.

In the Offer, solely for the purpose of proceedings brought by or on behalf of the Commission or in which the Commission is a party, CGMI consented to the entry of the Order, without admitting or denying the findings contained therein (other than those relating to the jurisdiction of the Commission, which are admitted). In the Order, which was entered today, the Commission made findings, without admission or denial by CGMI, that for at least a 19-month period CGMI failed to disclose adequately certain material facts to its customers in the offer and sale of mutual fund shares in two distinct respects. First, the Order found that CGMI failed to make adequate disclosures with respect to its receipt of revenue sharing payments from investment advisers and distributors associated with approximately 75 mutual fund complexes. Second, the Order found that CGMI did not adequately disclose at the point of sale, in connection with its recommendations to customers to purchase Class B shares, that such shares were subject to higher annual fees and that those fees could have a negative impact on the customers' investment returns. The Order found further that CGMI, as a result of its inadequate disclosures concerning its revenue sharing program, violated Section 17(a)(2) of the Securities Act and Exchange Act Rule 10b-10, and as a result of its inadequate disclosures as to the sale of Class B shares, it violated Section 17(a)(2) of the Securities Act. The Order, among other things, censured CGMI and ordered it to: cease and desist from violating Section 17(a)(2) of the Securities Act and Exchange Act Rule 10b-10; pay a civil money penalty of $20 million; and comply with the undertakings enumerated in the Order.

DISCUSSION

CGMI understands that the entry of the Order may disqualify it, affiliated issuers, and other issuers from relying on certain exemptions under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Order causes CGMI to be subject to an order of the Commission entered pursuant to Section 15(b) of the Exchange Act. CGMI is concerned that, should it be deemed to be a general partner, promoter, or underwriter of the securities, of an “issuer” for the purposes of Securities Act Rule 262(b)(3), CGMI, those of its issuer affiliates, and other issuers with which it is associated in one of those listed capacities and which rely upon or may rely upon these offering exemptions when issuing securities would be prohibited from doing so. The Commission has the authority to waive the Regulations A and 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).

CGMI requests that the Commission waive any disqualifying effects that the Order may have under Regulation A and Rule 505 of Regulation D with respect to CGMI, its issuer affiliates, or third-party issuers on the following grounds:

1. CGMI’s conduct addressed in the Order does not pertain to Regulation A or D.

2. CGMI has consented to the entry of the Order requiring it to comply with its
undertakings to retain the services of an independent consultant to conduct a comprehensive review of: the completeness of the disclosures regarding its revenue sharing program and the differences in mutual fund classes; and the policies and procedures concerning CGMI’s recommendations to its customers of mutual funds in its revenue sharing program and of different class shares of mutual funds. Within 150 days from the date of the entry of the Order, the Order requires the independent consultant to submit an Initial Report that shall recommend policies and procedures to ensure compliance with the applicable statutory and regulatory requirements in these areas. Ultimately, the Order requires CGMI to abide by the recommendations of the independent consultant, if they are unable to agree on an alternative proposal not unacceptable to the Commission’s staff.

3. The disqualification of CGMI, any of its issuer affiliates, or third-party issuers with which it is associated in one of the capacities listed above from the exemptions under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe given the nature of the violations addressed in the Order and the extent to which disqualification may affect the business operations of CGMI, its issuer affiliates, or such third party issuers by impairing their ability to issue securities pursuant to these exemptions to raise new capital or for other purposes. In addition, the disqualification of CGMI, its issuer affiliates, or third-party issuers from the regulatory exemptions may place CGMI and those issuers at a competitive disadvantage with respect to third parties that might seek to invest in securities that rely on the regulatory exemptions.

4. The disqualification of CGMI, any of its issuer affiliates, or third-party issuers from the exemptions under Regulation A and Rule 505 of Regulation D also would be unduly and disproportionately severe, given that: (a) the Order relates to activity that already has been addressed by CGMI’s undertakings in those administrative proceedings; and (b) CGMI must pay a significant civil monetary penalty pursuant to the Order.

In light of the grounds for relief discussed above, we believe that disqualification is not necessary, in the public interest, or for the protection of investors, and that CGMI has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission to waive, effective upon the entry of the Order, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable to CGMI, any affiliate issuers, and certain third-party issuers described above, as a result of the entry of the Order.1

---

If you have any questions regarding this request, please contact Kevin McEnery of this office at (202) 663-6596 or the undersigned at (202) 663-6993.

Sincerely,

[Signature]

Harry J. Weiss

cc: William I. Song, Esq.