

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

**FILED**

**OCT 08 2010**

Clerk, U.S. District & Bankruptcy  
Courts for the District of Columbia

**SECURITIES AND EXCHANGE  
COMMISSION,  
100 F Street, N.E.  
Washington, D.C. 20549,**

**Plaintiff,**

**v.**

**Civil Action No.  
10-cv-1277-ESH**

**CITIGROUP INC.,**

**Defendant.**

**FINAL JUDGMENT AS TO DEFENDANT CITIGROUP INC.**

The Securities and Exchange Commission having filed a Complaint and Defendant Citigroup Inc. ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment as to Defendant Citigroup Inc. ("Final Judgment") without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

**I.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a)(2) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)(2)]

in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

**II.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 13(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78m(a)] and Exchange Act Rules 12b-20 and 13a-11 [17 C.F.R. §§ 240.12b-20 and 240.13a-11] by (A) failing timely to file with the Commission any report or document required to be filed with the Commission pursuant to Section 13(a) of the Exchange Act or Exchange Act Rule 13a-11, (B) filing any such report or document that is inaccurate, (C) failing to include any information required to be included in such report or document, or (D) failing to include, in addition to the information required to be included in such report or document, such further material information as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

**III.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$1.00, representing losses avoided as a result of

the conduct alleged in the Complaint, and a civil penalty in the amount of \$75,000,000.00 pursuant to Section 20(d)(2) of the Securities Act [15 U.S.C. § 77t(d)(2)] and Section 21(d)(3), (5) [15 U.S.C. § 78u(d)(3), (5)] of the Exchange Act. Defendant shall satisfy this obligation by paying \$75,000,001.00 within 14 days after entry of this Final Judgment to the Clerk of this Court, together with a cover letter identifying Citigroup as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS") or any other type of interest bearing account that is utilized by the Court. These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held in the interest bearing account until further order of the Court. In accordance with 28 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States.

The Commission will by motion propose a plan to distribute the Fund subject to the Court's approval. Such a plan will provide that the Fund shall be distributed pursuant

to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Amounts ordered to be paid as civil penalties pursuant to this Judgment 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, Defendant shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that it is entitled to, nor shall it further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant 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 Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

The costs associated with the plan of distribution to be approved by the Court shall not be paid out of the money Defendant pays in disgorgement and penalty pursuant to this Final Judgment. The costs of distributing the money paid in disgorgement and penalty instead shall be paid separately by Defendant.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Amended Consent of Defendant Citigroup Inc. is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein, including, but not limited to, the following:

- A. For a period of three (3) years from the date of the entry of the Final Judgment, Defendant agrees to comply with the following undertakings related to its policies, practices, and procedures concerning the disclosure of Defendant's earnings and other information related to Defendant's financial performance in quarterly press releases ("Disclosure Policies, Practices, and Procedures"):
  1. Defendant will maintain its Disclosure Committee and the Disclosure Committee's Charter and Disclosure Controls and Procedures governing the processes and responsibilities around Defendant's public reporting. The Disclosure Committee annually will review the Disclosure Committee Charter and Disclosure Controls and Procedures, and any recommended changes will be made with oversight by Defendant's Chief Executive Officer and Chief Financial Officer;
  2. Defendant will maintain an Earnings Subcommittee of its Disclosure Committee -- comprised of Defendant's Head of Investor Relations; Controller and Chief Accounting Officer; and General Counsel, Capital Markets and Corporate Reporting -- to

oversee the preparation and review of Defendant's quarterly earnings press releases;

3. Prior to the release of Defendant's quarterly earnings information, each of the individuals identified below involved in the preparation and/or review of that information shall sign and date a Statement of Accountability that includes the following representation:

Further, we have reviewed the earnings press release, earnings presentation/analyst deck and CFO script and, as of the date hereof, such documents do not contain any untrue statements of material fact, or omit to state a material fact necessary to make the statements made therein not misleading with respect to Citi.

The individuals required to sign a Statement of Accountability include (a) the chief executive officer and chief financial officer, or individuals holding equivalent positions, of each of Defendant's business segments; (b) representatives of Defendant's Finance organization, including the Controller and representatives of the Financial Planning and Analysis, Tax, and Treasury departments; (c) Defendant's Chief Administrative Officer; (d) Defendant's Vice Chairmen; and (e) representatives of Defendant's Investor Relations, Legal, Compliance, Audit & Risk Review, Public Affairs, and Risk departments;

4. On a quarterly basis, Defendant's Disclosure Committee shall execute a certification addressed to Defendant's Chief Executive Officer and Chief Financial Officer regarding the effectiveness of Defendant's disclosure controls and procedures as of the end of

each quarterly period;

5. If Defendant wishes to make a material change to its then-existing Disclosure Policies, Practices, and Procedures, Defendant will retain, pay for, and enter into an agreement with an independent consultant (“Independent Consultant”) not unacceptable to Securities and Exchange Commission (“Commission”) staff to make certain determinations with respect to any such proposed material change to Defendant’s then-existing Disclosure Policies, Practices, and Procedures. Defendant may not make a material change to its then-existing Disclosure Policies, Practices, and Procedures without the written approval of the Independent Consultant. The agreement with the Independent Consultant will include the following provisions:
  - a. Defendant, prior to the implementation of the proposed material change(s), (i) will provide written notice of the proposed change(s) to the Independent Consultant, (ii) will provide the Independent Consultant with a complete description of the proposed change(s) and the reasons for the change(s), and (iii) thereafter promptly will provide such additional information about the change(s) as the Independent Consultant requests;
  - b. The Independent Consultant will evaluate the proposed material change to determine the impact of the change on

Defendant's then-existing Disclosure Policies, Practices, and Procedures;

- i. If the Independent Consultant determines that the proposed change enhances or otherwise does not reduce the effectiveness of Defendant's then-existing Disclosure Policies, Practices, and Procedures, the Independent Consultant will provide Defendant with a written notice of this determination and that Defendant may implement the proposed change. The Independent Consultant concurrently will provide the Commission's Director of the Division of Enforcement with a copy of such written notice; and
- ii. If the Independent Consultant determines that a proposed change would make Defendant's then-existing Disclosure Policies, Practices, and Procedures less effective, the Independent Consultant will provide Defendant with a written notice of this determination and the reasons for the determination. The Independent Consultant concurrently will provide the Commission's Director of the Division of Enforcement with a copy of such written notice. Following the receipt of the



notice from the Independent Consultant, Defendant may propose a change to its then-existing Disclosure Policies, Practices, and Procedures to address the reasons for the Independent Consultant's determination;

- c. The Independent Consultant shall have the right to request that Defendant provide the Independent Consultant with such documents and other information as the Independent Consultant determines are necessary for the performance of the Independent Consultant's responsibilities. Defendant promptly shall provide such information to the Independent Consultant;
- d. The Independent Consultant shall keep the original of all requests for changes to Defendant's Disclosure Policies, Practices, and Procedures; a copy of all notices of determinations and the reasons for those determinations that the Independent Consultant provides to Defendant; and such other documents as the Independent Consultant makes or receives in connection with the performance of his or her responsibilities. The Independent Consultant shall retain these documents at least until the later of six (6) years from the date of entry of the Final Judgment or three (3) years following the conclusion of the Independent Consultant's

responsibilities for making determinations with respect to proposed changes to Defendant's Disclosure Policies, Practices, and Procedures;

- e. The Independent Consultant shall provide Commission staff with such documents and other information related to the Independent Consultant's responsibilities as the Commission staff requests. The Independent Consultant's relationship with Defendant shall not be treated as one between an attorney and client. The Independent Consultant will not assert the attorney-client privilege, the protection of the work-product doctrine, or any privilege as a ground for not providing any information requested by Commission staff; and
- f. For the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Defendant, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. In addition, the Independent Consultant will require that any firm with which the Independent Consultant is affiliated or of which the Independent Consultant is a member, and any person engaged to assist

the Independent Consultant in performance of the Independent Consultant's duties under the Final Judgment shall not, without prior written consent of the Commission's Director of the Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Defendant, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement; and

- B. Defendant shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Defendant agrees to provide such evidence. Defendant shall submit the certification and supporting material to the Commission's Director of the Division of Enforcement, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

Dated: October 8, 2010

  
UNITED STATES DISTRICT JUDGE