

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

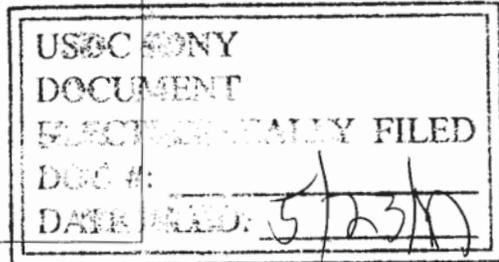
v.

CITIGROUP GLOBAL MARKETS INC.,

Defendant.

11 Civ. 7387 (JSR)

ECF Case



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PROPOSED ORDER ESTABLISHING A FAIR FUND AND APPOINTING DISTRIBUTION AGENT

The Court, being apprised of the ^{application of the U.S.} Securities and Exchange Commission's ("SEC" or "Commission") request to establish a fair fund for the disgorgement, prejudgment interest and civil penalty paid by the Defendant Citigroup Global Markets Inc. ("CGMI") into the Court Registry Investment System ("CRIS") established for this action, to combine the CSAC Fair Fund also deposited with the CRIS for this action into the CGMI fair fund, and to appoint a distribution agent; and Notice of the foregoing proposed action having been given for 30 days with opportunity to file objections; and no objections being received to the entry of the proposed order, for good cause shown, IT IS HEREBY ORDERED:

1. A Fair Fund is created pursuant to Section 308(a) of Sarbanes-Oxley Act of 2002 [15 U.S.C. § 7246(a), as amended by the Dodd-Frank Act of 2010 [15 U.S.C. § 7256], for the disgorgement, prejudgment interest and civil penalty paid by the Defendant

CGMI pursuant to the Final Judgment plus interest earned on those funds minus any tax obligations, and court administrative fees.

2. The CSAC Fair Fund deposited into the CRIS on March 29, 2017 shall be combined into the CGMI fund and administered as a single fair fund for distribution purposes.
3. RCB Fund Services, LLC ("RCB") is appointed to serve as the Distribution Agent for the CGMI Fair Fund.¹ RCB shall work with the Commission's staff in formulating a methodology for allocating the fair fund, determining the identities of injured investors and investor harm, establishing a process to evaluate and verify claims, drafting a distribution plan and obtaining the Court's approval of the plan, fielding inquiries from investors, and overseeing the ultimate distribution of the CGMI Fair Fund.
4. RCB shall coordinate with the Court-appointed Tax Administrator, Damasco & Associates, LLP, to ensure that the CGMI Fair Funds, a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code, and related regulations, 26 C.F.R. §§1.468B-1 through 5, complies with all related legal and regulatory requirements, including but not limited to, satisfying any reporting or withholding requirements imposed on distributions from the QSF.
5. RCB shall invoice all administrative fees and expenses of the distribution of the CGMI Fair Fund to the Defendant CGMI. RCB will provide a copy of these invoices to Commission staff on a quarterly basis and shall include on the invoice a total of the amount of expenses billed to date. Any unresolved

¹ RCB is a privately held company located in Syracuse, NY, with additional offices in Greenwich, Connecticut, and Washington, D.C. The company has experience handling SEC distribution cases, drafting and finalizing distribution plans, defining eligibility and the measure of damages, collecting and validating information from claimants, remitting payments and handling all related audit, review and reporting processes.

objections to an invoiced amount shall be referred to the Court. No fees or expenses will be paid from the Fair Funds without Court approval.

6. Once the Distribution Plan is approved, RCB will submit quarterly progress reports to the Commission staff and a final accounting report, in a format to be provided by the Commission staff, when RCB's duties are completed.

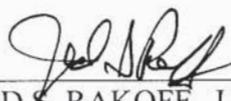
Commission staff shall file the final accounting report for the combined Fair Fund with the Court once it has been reviewed by Commission staff, and the Commission staff has determined it has no objections.

7. RCB may be removed *sua sponte* at any time by the Court or upon motion of the Commission, ^{if approved by the Court} and replaced with a successor. In the event RCB decides to resign, it will first give written notice to the Court and to Commission staff of such intention, and the resignation, if permitted, will not be effective until the Court appoints a successor.

SO ORDERED

Dated: New York, NY

5/19, 2017


JED S. RAKOFF, U.S.D.J.