

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 8799 / May 7, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12629

In the Matter of

**Citigroup Global Markets, Inc., successor by
merger to Legg Mason Wood Walker Inc.,**

Respondents.

**ORDER UNDER RULE 602(e)
OF THE SECURITIES ACT OF
1933, GRANTING A WAIVER
OF THE DISQUALIFICATION
PROVISION OF RULE 602(c)(3)**

Citigroup Global Markets, Inc. has submitted a letter, dated February 7, 2007, for a waiver of the disqualification from the exemption under Regulation E arising from its settlement of an administrative proceeding commenced by the Commission. On May 7, 2007, pursuant to the offer of settlement by Citigroup Global Markets, Inc., successor by merger to Legg Mason Wood Walker Inc., the Commission issued an Order Instituting Administrative Proceedings, Making Findings, and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (the "Order"). Under the Order, the Commission found that Citigroup Global Markets willfully violated Section 17(a)(2) of the Securities Act of 1933 (the "Securities Act") because Legg Mason Wood Walker, which subsequently was merged into Citigroup Global Markets, engaged in a violative practice in connection with certain auctions for auction rate securities.

The Order censures Citigroup Global Markets and requires Citigroup Global Markets, within 10 days of the entry of this Order, to pay a civil money penalty in the amount of \$200,000 to the United States Treasury.

The Regulation E exemption is not available for the securities of a small business investment company or business development company issuer if an investment adviser or underwriter of the securities to be offered is subject to a Commission order pursuant to Section 15(b) of the Exchange Act. *See* Rule 602(c)(3) under the Securities Act. The Commission may waive the disqualification upon a showing of good cause. *See* Rule 602(e).

Based on the representations set forth in the request made by Citigroup Global Markets, the Commission has determined that a showing of good cause has been made pursuant to Rule 602(e) and that the request for a waiver of the disqualification should be granted.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provision of Rule 602(c)(3) under the Securities Act resulting from the entry of the Order is hereby granted.

By the Commission.

Nancy M. Morris
Secretary