

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 102733 / March 26, 2025**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16757**

<hr/>	:	<b>ORDER AUTHORIZING THE TRANSFER</b>
<b>In the Matter of</b>	:	<b>TO THE U.S. DEPARTMENT OF THE</b>
	:	<b>TREASURY OF THE REMAINING FUNDS</b>
	:	<b>AND ANY FUNDS RETURNED TO THE</b>
<b>Citigroup Alternative Investments</b>	:	<b>DISTRIBUTION FUND IN THE FUTURE,</b>
<b>LLC and Citigroup Global Markets</b>	:	<b>DISCHARGING THE FUND</b>
<b>Inc.,</b>	:	<b>ADMINISTRATOR, CANCELING THE</b>
	:	<b>ADMINISTRATOR’S BOND, AND</b>
	:	<b>TERMINATING THE DISTRIBUTION</b>
<b>Respondents.</b>	:	<b>FUND</b>

On August 17, 2015, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 15(b)(4) of the Securities Exchange Act of 1934, and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)<sup>1</sup> against Citigroup Alternative Investments LLC (“CAI”) and Citigroup Global Markets Inc. (“CGMI”) (collectively, the “Respondents”). In the Order, the Commission found that Respondents made material misstatements and omissions between 2002 and 2008 relating to both the offer and sale of securities in the two now defunct hedge funds—the ASTA and MAT funds, and Falcon Strategies funds—as well as the performance of those funds prior to their collapse. The Commission found that, as a result of the conduct described in the Order, CAI and CGMI willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933, which prohibit fraudulent conduct in the offer or sale of securities. The Commission also found that CGMI willfully violated Section 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”), which prohibits any adviser from engaging in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client, and CAI willfully violated Section 206(4) of the Advisers Act, which prohibits an investment adviser from providing investment advice to clients without adopting and implementing written policies and procedures reasonably designed to prevent violation of the Act, and Rules 206(4)-7 and 206(4)-8 promulgated thereunder. The Commission ordered the Respondents to pay a total of \$139,950,239 in disgorgement plus prejudgment interest of \$39,612,089. The Commission collected \$179,562,328 pursuant to the Order (the “Distribution

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<sup>1</sup> Securities Act Rel. No. 9893 (Aug. 17, 2015).

Fund”). The Order further provided that the Respondents would be responsible for paying all reasonable administrative costs and expenses of the distribution.

On April 14, 2016, the Division of Enforcement, pursuant to delegated authority, issued an order appointing Garden City Group, (now operating as Epiq Class Action and Claims Solutions, Inc.) as the fund administrator of the Distribution Fund and set the administrator’s bond amount.<sup>2</sup>

On September 11, 2017, the Secretary, pursuant to delegated authority, published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”),<sup>3</sup> pursuant to Rule 1103 of the Commission’s Rules on Fair Funds and Disgorgement Plans (“Commission’s Rules”),<sup>4</sup> and simultaneously posted the Proposed Plan of Distribution (the “Proposed Plan”). The Notice advised interested persons that they could obtain a copy of the Proposed Plan from the Commission’s public website or by submitting a written request to Nancy Chase Burton, Esq., United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876. The Notice also advised that all persons desiring to comment on the Proposed Plan could submit their comments, in writing, within 30 days of the Notice. The Commission received three comments on the Proposed Plan during the comment period.

On April 27, 2018, after a thorough review and substantial consideration, the Commission issued an order approving the Proposed Plan as modified therein,<sup>5</sup> and posted the approved modified Plan of Distribution (the “Plan”).

The Plan set forth a methodology for allocating the Net Available Distribution Fund<sup>6</sup> comprised of the \$179,562,328 collected pursuant to the Order, plus any accrued interest, less a reserve established for taxes that may be assessed against the Distribution. The Plan contemplated compensating investors who sustained losses due to the Respondents’ conduct described in the Order in accordance with the Plan of Allocation, attached as Exhibit A to the Plan. The distribution methodology allocated the Net Available Distribution Fund to nine Potentially Eligible Funds in a manner that attempted to equalize investors’ aggregate recovery of losses across each of those nine funds. The methodology further allocated the distributions among harmed investors in proportion to their Investment Amount or Adjusted Investment Amount, as applicable, within each Eligible Fund. According to the Plan, any remaining funds following distribution to harmed investors that are infeasible to return to investors are to be transferred to the U.S. Department of the Treasury and the Distribution Fund terminated, subject to the Commission’s approval of the Fund Administrator’s final accounting.

As ordered by the Commission, a total of \$184,864,153.00 was disbursed from the Distribution Fund for distribution to investors in nine separate funds by the Fund Administrator

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<sup>2</sup> Order Appointing Fund Plan Administrator and Setting Administrator Bond Amount, Exchange Act Rel. No. 77624 (Apr. 14, 2016).

<sup>3</sup> Exchange Act Rel. No. 81570 (Sept. 11, 2017).

<sup>4</sup> 17 C.F.R. § 201.1103.

<sup>5</sup> See Order Approving Plan of Distribution, Exchange Act Rel. No. 83123 (Apr. 27, 2018).

<sup>6</sup> All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.

in accordance with the Plan.<sup>7</sup> Of this amount, \$149,060,305.24 or 80.6% of the Distribution Fund was successfully disbursed and cashed by recipient investors located by the Fund Administrator.<sup>8</sup>

The Distribution Fund earned \$8,615,919.58 in interest; and paid state and federal taxes of \$3,239,462.56; investment/bank fees of \$23,899.51; and bond expenses related to tax administration of \$4,840.49. The Distribution Fund currently holds \$35,849,739.78, which is comprised of \$35,498,257.06 in undeliverable funds that could not be distributed because the harmed investors could not be located, and \$351,482.72 in accumulated interest and uncashed checks.

Pursuant to the Plan, the Distribution Fund is eligible for termination and the Fund Administrator discharged after all of the following have occurred: (a) a final accounting, in the accounting format provided by the Commission staff, has been submitted by the Fund Administrator to Commission staff for approval, and the final accounting has been approved by the Commission; (b) all income taxes and other fees due and owing by the Distribution Fund have been paid by the Respondents; (c) all taxes withheld from distributions to Eligible Investors have been tendered to the appropriate tax agencies; (d) all expenses associated with the administration of the Distribution Fund have been paid by the Respondents; and (e) any amount remaining in the Distribution Fund has been received by the Commission.

The Commission staff has confirmed that the Fund Administrator has completed the distribution process in accordance with the Commission's orders, that Respondents have been responsible for the fees and expenses of the administration of the distribution, that all taxes have been paid, and that all monies remaining in the Distribution Fund have been received by the Commission.<sup>9</sup> The final accounting, which was submitted to the Commission for approval, as required by Rule 1105(f) of the Commission's Rules, 17 C.F.R. § 201.1105(f), and as set forth in the Plan, has been approved.

Accordingly, it is ORDERED that:

- A. the remaining funds that are infeasible to return to investors, in the amount of \$35,849,739.78, and any funds returned to the Distribution Fund in the future that are infeasible to return to investors, shall be transferred to the U.S. Department of

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<sup>7</sup> Order Directing Disbursement of Distribution Fund (the "Order to Disburse"), Exchange Act Rel. No. 87000 (Sept. 18, 2019).

<sup>8</sup> Due to the age of the conduct and the state of the investigative records, several Eligible Investors who suffered losses as a result of the Respondents' misconduct could not be located and therefore did not receive distribution payments. The undistributed funds for these harmed investors were withheld from the distribution conducted by the Fund Administrator pursuant to the Order to Disburse. These funds constitute a portion of the Residual that was returned to the Commission by the Fund Administrator and will be transferred to Treasury. Consistent with the Commission's mission of investor protection and in accordance with the Order to Disburse, the Commission staff will take steps to recover Residual funds sent to Treasury and issue distribution payments to any known Eligible Investor who could not be located during the distribution but seek compensation from the Commission following approval of the final accounting.

<sup>9</sup> Respondents are responsible for paying all fees and expenses of the Fund Administrator and Tax Administrator pursuant to the Order.

the Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934;

- B. the Fund Administrator, Epiq Class Action and Claims Solutions, Inc. (formerly known as Garden City Group), is discharged;
- C. the Fund Administrator's bond is canceled; and
- D. the Distribution Fund is terminated.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.<sup>10</sup>

Vanessa A. Countryman  
Secretary

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<sup>10</sup> 17 C.F.R. § 200.30-4(a)(21)(vii).