

On December 11, 2008, the Commission filed a civil injunctive action in the United States District Court for the Southern District of New York, charging CGMI, a registered broker-dealer, with violations of the broker-dealer anti-fraud provisions. In its complaint, the Commission alleged that CGMI misled tens of thousands of its customers regarding the fundamental nature and increasing risks associated with auction rate securities (“ARS”) that CGMI underwrote, marketed and sold. On December 23, 2008, pursuant to CGMI’s Consent, the Court entered a Judgment permanently enjoining CGMI from violating Section 15(c) of the Exchange Act. The Judgment provides that CGMI will, among other things, offer to buy back at par certain ARS from certain customers.

The safe harbor provisions of Section 27A(c) of the Securities Act and Section 21E(c) of the Exchange Act are not available for any forward looking statement that is “made with respect
to the business or operations of an issuer, if the issuer . . . during the 3-year period preceding the date on which the statement was first made . . . has been made the subject of a judicial or administrative decree or order arising out of a governmental action that (I) prohibits future violations of the antifraud provisions of the federal securities laws; (II) requires that the issuer cease and desist from violating the antifraud provisions of the securities laws; or (III) determines that the issuer violated the antifraud provisions of the securities laws[.]” § 27A(b)(1)(A)(ii) of the Securities Act and § 21E(b)(1)(A)(ii) of the Exchange Act. The disqualifications may be waived “to the extent otherwise specifically provided by rule, regulation, or order of the Commission.” § 27A(b) of the Securities Act and § 21E(b) of the Exchange Act.

Based on the representations set forth in CGMI’s letter, the Commission has determined that, under the circumstances, the request for a waiver of the disqualifications resulting from the entry of the Judgment is appropriate and should be granted.

Accordingly, IT IS ORDERED, pursuant to § 27A(b) of the Securities Act and § 21E(b) of the Exchange Act, that a waiver from the disqualification provisions of § 27A(b)(1)(A)(ii) of the Securities Act and § 21E(b)(1)(A)(ii) of the Exchange Act as to CGMI and any current or future affiliates resulting from the entry of the Judgment is hereby granted.

By the Commission.

Florence E. Harmon
Acting Secretary