Smith Barney Fund Management LLC (the “Adviser”) and Citigroup Global Markets, Inc. (“Global Markets”) (together, “Respondents”) have submitted a letter, dated March 25, 2005, requesting a waiver of the disqualification from the exemption under Regulation E under the Securities Act of 1933 (“Securities Act”) arising from their settlement of an administrative and cease-and-desist proceeding commenced by the Commission. On May 31, 2005, pursuant to Respondents’ Offer of Settlement, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 and Section 15(b)(4) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”) against Respondents. The Order finds that Respondents (1) willfully violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”); (2) requires Respondents to cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act; (3) censures Respondents; (4) requires Respondents to pay, on a joint and several basis, disgorgement in the amount of $109,004,551, plus prejudgment interest of $19,055,630; (5) requires the Adviser to pay a civil monetary penalty in the amount of $80,000,000; and (5) requires Respondents to comply with certain undertakings.

Regulation E provides exemptions from registration under the Securities Act, subject to certain conditions, for securities issued by certain small business investment companies and business development companies. The Regulation E exemption is not available for the securities of an issuer if, among other things, any investment adviser or underwriter for the securities to be offered is subject to an order of the Commission entered pursuant to 15(b) of the Securities Exchange Act of 1934 or Section 203(e) of the Advisers Act. See Rule 602(c)(3) under the Securities Act. The Commission may waive the disqualification under a showing of good cause. See Rule 602(e).
Based on the representations set forth in Respondents’ request, 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.

Jonathan G. Katz
Secretary