

1 transferred to the CGMI; and (iii) transfer of the ARS, then CGMI shall purchase the Eligible ARS
2 as soon as reasonably practicable but no later than the next scheduled auction date that occurs (1)
3 after December 23, 2008, and (2) after three (3) business dates after CGMI's receipt of notification.

4 c. CGMI shall use its best efforts to identify, contact, and assist any Eligible Customer
5 who has transferred the ARS out of CGMI's custody in returning such ARS to CGMI's custody,
6 and shall not charge such Eligible Customer any fees relating to or in connection with the return to
7 CGMI or custodianship by CGMI of such ARS.

8 18. Relief for Investors Who Sold Below Par. CGMI shall make best efforts to identify any
9 Eligible Customers who sold Eligible ARS below par between February 11, 2008, and December
10 11, 2008. By November 5, 2008, CGMI shall pay any such identified Eligible Customers the
11 difference between par and the price at which the Eligible Customer sold the Eligible ARS, plus
12 reasonable interest thereon. CGMI shall promptly pay any such Eligible Customers identified
13 thereafter.
14

15 19. Relief Efforts for Institutional and Other Customers. CGMI shall endeavor to work with
16 issuers and other interested parties, including regulatory and governmental entities, to
17 expeditiously and on a best-efforts basis provide liquidity solutions, by December 31, 2009, for
18 institutional investors and other customers that purchased Eligible ARS from CGMI on or before
19 February 12, 2008, and are not otherwise covered by paragraph III(7), above.
20

21 20. Refund of Refinancing Fees to Municipal Issuers. By January 1, 2009, CGMI shall refund
22 to municipal issuers underwriting fees the issuer paid CGMI for the refinancing or conversion of
23 their ARS that occurred after February 11, 2008, where CGMI acted as underwriter for both the
24 primary offering of ARS between August 1, 2007 and February 11, 2008, and the refunding or
25

1 conversion of the ARS after February 11, 2008.

2 21. Reports to NASAA. Within twenty (20) days of the end of each month, beginning with a
3 report covering the month ended November 30, 2008 (due on December 20, 2008) and continuing
4 through and including a report covering the month ended December 31, 2009 (due on January 20,
5 2010), CGMI shall submit a monthly written report detailing the efforts in which CGMI has
6 engaged and the results of those efforts with respect to CGMI's institutional investors' holdings in
7 ARS. The report shall be submitted to a representative specified by the North American Securities
8 Administrators Association ("NASAA"). Beginning in March 2009, CGMI shall meet quarterly
9 with a designated NASAA representative to discuss its progress with respect to its obligations
10 pursuant to this Order. Such quarterly meetings shall continue until no later than December 2009.
11 The reporting or meeting deadlines set forth above may be amended with written permission from
12 a designated NASAA representative.

13
14 22. Consequential Damages Claims. CGMI shall consent to participate, at the Eligible
15 Customer's election, in the special arbitration procedures as briefly described below. Under these
16 procedures, an arbitration process, under the auspices of the Financial Industry Regulatory
17 Authority ("FINRA"), will be available for the exclusive purpose of arbitrating any Eligible
18 Customer's consequential damages claim. These arbitrations will be governed by the procedures
19 described briefly below.

20 a. Arbitrator. Arbitration shall be conducted by a single public arbitrator.

21 b. Forum Fees. CGMI will pay all forum fees associated with the arbitration for
22 Eligible Customers.

23 c. Burden of Proof. Customers shall bear the burden of proving by a preponderance of
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1 the evidence the existence and amount of consequential damages suffered as a result of the
2 illiquidity of the Eligible ARS. Although it may defend itself against consequential damage
3 claims, CGMI shall not argue against liability for the illiquidity of the underlying ARS position or
4 use as part of its defense any decision by the Eligible Customer not to borrow money from CGMI.

5 d. Other Damages. Eligible Customers who elect to use the special arbitration
6 procedures provided for in this Order shall not be eligible for punitive damages, or any other type
7 of damages other than consequential damages.

8 23. Other Proceedings/Relief. All customers, including but not limited to Eligible Customers
9 who avail themselves of the relief provided pursuant to this Order, may pursue any remedies
10 against CGMI available under the law. However, those customers that elect to utilize the special
11 arbitration procedures set forth above, rather than regular arbitration at FINRA, are limited to the
12 remedies available in the special arbitration process and may not bring or pursue a claim relating
13 to ARS in another forum.
14

15 **IV.**
16 **Additional Considerations**

17 1. In consideration of the settlement, the Division will refrain from taking legal action,
18 excluding this Order, against CGMI with respect to CGMI's marketing and sale to its institutional
19 investors until a date after December 31, 2009.

20 2. If payment is not made by CGMI, or if CGMI defaults in any of its obligations set forth in
21 this Order, the Division may vacate this Order, at its sole discretion, upon 10 days notice to CGMI
22 and without opportunity for administrative hearing.

23 3. This Order is not intended to indicate that CGMI or any of its affiliates or current or former
24

1 employees shall be subject to any disqualifications contained in the federal securities law, the rules
2 and regulations there under, the rules and regulations of self-regulatory organizations or various
3 states' securities laws including any disqualifications from relying upon the registration
4 exemptions or safe harbor provisions. In addition, this Order is not intended to form the basis for
5 any such disqualifications.

6 4. For any person or entity not a party to this Order, this Order does not limit or create any
7 private rights or remedies against CGMI including, without limitation, the use of any e-mails or other
8 documents of CGMI or of others for the marketing and sale of ARS to investors, limit or create
9 liability of CGMI, or limit or create defenses of CGMI to any claims.

10 5. Nothing herein shall preclude Wisconsin, its departments, agencies, boards, commissions,
11 authorities, political subdivisions and corporations, other than the Division and only to the extent set
12 forth in paragraphs III(1) and IV(1) above, (collectively, "State Entities") and the officers, agents or
13 employees of State Entities from asserting any claims, causes of action, or applications for
14 compensatory, nominal and/or punitive damages, administrative, civil, criminal, or injunctive relief
15 against CGMI in connection with the marketing and sale of ARS by CGMI.

16 6. This Order shall not disqualify CGMI or any of its affiliates or current or former employees
17 from any business that they otherwise are qualified or licensed to perform under applicable state
18 law and this Order is not intended to form the basis for any disqualification.

19 7. This Order and any dispute related thereto shall be construed and enforced in accordance
20 with, and governed by, the laws of Wisconsin without regard to any choice of law principles.

21 8. CGMI, through its execution of this Consent Order, voluntarily waives its right to a hearing
22 on this matter and to judicial review of this Consent Order under the Wisconsin Uniform Securities
23

1 Law, and sections 551.61(1) to (5) Wis. Stats., thereunder, the statutes applicable during the
2 relevant time period with respect to conduct related to this Consent Order.

3 9. CGMI enters into this Consent Order voluntarily and represents that no threats, offers,
4 promises, or inducements of any kind have been made by the Division or any member, officer,
5 employee, agent, or representative of the Division to induce CGMI to enter into this Consent
6 Order.

7 10. This Order shall be binding upon CGMI and its successors and assigns as well as to
8 successors and assigns of relevant affiliates with respect to all conduct subject to the provisions
9 above and all future obligations, responsibilities, undertakings, commitments, limitations,
10 restrictions, events, and conditions.

11 Dated this 2nd day of February, 2010.

12
13 BY ORDER OF THE
14 WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS
15 DIVISION OF SECURITIES

16 
17 _____
18 Patricia D. Struck, Division Administrator
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1 **CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY CGMI**

2 CGMI hereby acknowledges that it has been served with a copy of this Administrative
3 Consent Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this
4 matter, and has waived the same.

5 CGMI admits the jurisdiction of the Wisconsin Department of Financial Institutions-Division
6 of Securities, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this
7 Order; and consents to entry of this Order by the Division Administrator as settlement of the issues
8 contained in this Order.

9 CGMI states that no promise of any kind or nature whatsoever was made to it to induce it to
10 enter into this Order and that it has entered into this Order voluntarily.

11 Elaine H. Mandelbaum represents that he/she is a Managing Director of CGMI and
12 that, as such, has been authorized by CGMI to enter into this Order for and on behalf of CGMI.

13 CGMI agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to
14 any state, federal, or local tax for any administrative monetary penalty that CGMI shall pay
15 pursuant to this Order.
16

17 Dated this 29th day of January, 2010.

18 Citigroup Global Markets Inc.

19 By: Elaine H. Mandelbaum

20 Title: Managing Director

21
22 SUBSCRIBED AND SWORN TO before me this 29 day of January, 2010.

23 Barbara E. Beltz
24 Notary Public

25 My commission expires: 1-18-14

26 18

BARBARA E. BELTZ
Notary Public, State of New York
No. 01BE5022646
Qualified in Richmond County
Commission Expires January 18, 2014