UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81700 / September 25, 2017

ADMINISTRATIVE PROCEEDING
FILE No. 3-11935

In the Matter of **SMITH BARNEY FUND MANAGEMENT LLC and CITIGROUP GLOBAL MARKETS, Inc.,** **Respondents.**	**ORDER AUTHORIZING THE TRANSFER TO THE U.S. TREASURY OF THE REMAINING FUNDS AND ANY FUNDS RETURNED TO THE FAIR FUND IN THE FUTURE, DISCHARGING THE FUND ADMINISTRATOR, AND TERMINATING THE FAIR FUND**

On May 31, 2005, the United States Securities and Exchange Commission ("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 (the "Order")[1] against Smith Barney Fund Management LLC ("Smith Barney") and Citigroup Global Markets, Inc. ("Global Markets") (collectively, the "Respondents") for misrepresentations and omissions made by Respondents to certain funds in the Smith Barney family of funds ("Eligible Funds") when recommending the retention of an affiliated transfer agent (the "Transfer Agent"). In the Order, the Commission established a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended (the "Fair Fund"), comprised of $183,704.031.00 in disgorgement, prejudgment interest, and penalties paid by Respondents. The Commission ordered the Respondents, at their own cost, to develop, administer, and implement a distribution plan to distribute the Fair Fund (the "Plan").

On January 7, 2010, the Commission issued a Notice of Proposed Plan of Distribution and Opportunity for Comment[2] pursuant to Rule 1103 of the Commission's Rules on Fair Fund and Disgorgement Plans (the "Rules"), 17 C.F.R. § 201.1103. On February 25, 2010, the Secretary, pursuant to delegated authority, issued a Notice of Proposed Plan of Distribution and Extension of Opportunity for Comment,[3] publishing the Plan with exhibits and extending the

[1] Exchange Act Rel. No. 51761 (May 31, 2005).
[2] Exchange Act Rel. No. 61312 (Jan. 7, 2010).
[3] Exchange Act Rel. No. 61587 (Feb. 25, 2010).

comment period for thirty days. The Commission received no comments and on April 15, 2010, the Secretary, pursuant to delegated authority, issued an order that approved the Distribution Plan and appointed Alison T. Conn, Assistant Regional Director in the Commission's New York Regional Office, as the Fund Administrator, and waived the bond requirement.[4]

The Plan provided for the distribution of approximately $110 million of the Fair Fund to Eligible Funds that engaged and paid fees to the Transfer Agent between October 1, 1999 and November 30, 2004, in proportion to the total fees paid by each Eligible Fund or class of a Fund. Under the Plan, the Respondents were to advance estimated distribution amounts to Eligible Funds that were liquidated after the initial submission of the Plan but before the distribution ("Liquidated Funds") and be reimbursed by the Fair Fund for these advances, plus interest, upon Plan distribution. Funds that were liquidated prior to the initial submission of the Plan in August 2005 did not participate in the distribution.

On May 12, 2010, the Commission issued an Order Directing Disbursement of Fair Fund,[5] directing the staff to transfer approximately $110.8 million of the Fair Fund for distribution in accordance with the Plan. On September 30, 2011, the Commission issued an Order Modifying the Distribution Plan[6] to address the Respondents' failure to advance estimated distribution amounts to three Liquidated Funds. The Plan was modified to permit the Respondents to arrange, at their own cost, for the disbursement of approximately $626,000 from the Fair Fund to former shareholders of one of the Liquidated Funds, and to permit the return of approximately $47,000 to the Commission for transmission to the U.S. Treasury upon termination of the Fair Fund.

Of the approximately $110.8 million disbursed from the Fair Fund, approximately $110.3 million (99.6%) was distributed, directly or indirectly, to shareholders in the Eligible Funds. The remaining approximately $90 million is comprised of the undistributed penalty, accrued interest, funds returned from Liquidated Funds, as well as uncashed and undeliverable checks and returned funds.

The Plan provides that the Fair Fund shall be eligible for termination after all of the following have occurred: (1) the final accounting by the Fund Administrator has been submitted and approved by the Commission; (2) all taxes and fees have been paid; and (3) all remaining funds, including interest earned after the Distributable Amount has been calculated, or any residual, has been transferred to the U.S. Treasury. A final accounting, which was submitted to the Commission for approval as required by Rule 1105(f) of the Rules, 17 C.F.R. § 201.1105(f), and as set forth in the Plan, is now approved. The staff has verified that all taxes, fees, and expenses have been paid, and the Commission is in possession of the remaining funds.

[4] *See* Order Approving Distribution Plan, Appointing a Fund Administrator, and Waiving Bond, Exchange Act Rel. No. 61917 (Apr. 16, 2010).
[5] Exchange Act Rel. No. 62088 (May 12, 2010).
[6] *See* Exchange Act Rel. No. 65460 (Sept. 30, 2011).

Accordingly, it is ORDERED that:

A. The remaining Fair Fund balance of $89,716,771.99 and any funds returned to the Fair Fund in the future, shall be transferred to the U.S. Treasury;

B. The Fund Administrator, Allison Conn, is discharged; and

C. The Fair Fund is terminated.

By the Commission.

Brent J. Fields
Secretary