

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

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SETTLEMENT ORDER

On Application No. 3300/2017

filed by **Citibank N.A. (PAN AAACC0462F)**

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1. Citibank N.A. (hereinafter referred to as ‘applicant’) filed a settlement application in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which is repealed and replaced with SEBI (Settlement Proceedings) Regulations, 2018 with effect from January 01, 2019 (hereinafter referred to as ‘Settlement Regulations’). The applicant, in its application, without admitting or denying the findings of fact and conclusions of law, proposed to settle, through a settlement order, the proceedings initiated against it under Sections 11(1), 11B and 11(4) of the SEBI Act, 1992 vide a Show Cause Notice dated April 28, 2015 (hereinafter referred to as ‘SCN’) for the alleged violation of Regulation 3 of the SEBI (Portfolio Managers) Regulations, 1993 read with Section 12(1) of SEBI Act, 1992.
2. The SCN stated that one Mr. Shivraj Puri (hereinafter referred to as ‘Mr. Shivraj’), a relationship manager of the applicant, had carried out a fraudulent scheme wherein he had offered certain customers of the applicant investment schemes guaranteeing high returns and received signatures on blank fund transfer forms, which were used for transferring funds from the accounts of such customers’ to the linked accounts of Mr. Shivraj family.
3. The SCN had alleged that through such unregistered portfolio management scheme gullible investors were promised high returns and the applicant’s infrastructure was utilised to forge portfolio statements, bank statements of clients. The SCN further alleged that the applicant by failing to establish adequate control and supervision over its employee had facilitated Mr. Shivraj in conducting activities of an unregistered portfolio manager.
4. Pursuant to the application, the authorized representatives of the applicant had a meeting with the Internal Committee of SEBI on December 14, 2018 wherein the settlement terms were deliberated. Thereafter, the applicant, vide letter dated December 21, 2018, proposed the revised settlement terms to settle the defaults mentioned above.
5. The High Powered Advisory Committee (‘HPAC’) in its meeting held on January 30, 2019

considered the settlement terms proposed and recommended the application for settlement upon payment of ₹4,50,72,263/- (Rupees Four Crore Fifty Lakh Seventy Two Thousand Two Hundred and Sixty Three Only) as settlement terms. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on March 11, 2019 and the same was communicated to the applicant vide e-mail dated March 18, 2019.

6. The applicant vide Demand Draft No. 688816 dated March 19, 2019 drawn on Citibank has remitted an amount of ₹4,50,72,263/- (Rupees Four Crore Fifty Lakh Seventy Two Thousand Two Hundred and Sixty Three Only) towards settlement charges.
7. In view of the above, in exercise of the powers conferred under Section 15JB of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 and 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that:
  - i. the proceedings under Sections 11(1), 11B and 11(4) of the SEBI Act, 1992 for the alleged default as discussed in paragraph 1 above, are settled *qua* the applicant as per the above terms,
  - ii. SEBI shall not initiate any enforcement action against the applicant for the said default,
  - iii. this order disposes of the said the proceedings under Sections 11(1), 11B and 11(4) of the SEBI Act, 1992 in respect of the applicant as mentioned above and;
  - iv. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicant, if SEBI finds that:
    - a. any representation made by the applicant in the present settlement proceedings is subsequently discovered to be untrue;
    - b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.
8. This settlement order is passed on this 29<sup>th</sup> day of March, 2019 and shall come into force with immediate effect.
9. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and shall also be published on the website of SEBI.

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**S.K. MOHANTY**  
**WHOLE TIME MEMBER**

-Sd-

**ANANTA BARUA**  
**WHOLE TIME MEMBER**