

ATTORNEY GENERAL OF THE STATE OF NEW YORK
INVESTOR PROTECTION BUREAU

In the Matter of

Assurance
No. 16-178

**Investigation by ERIC T. SCHNEIDERMAN,
Attorney General of the State of New York, of**

CITIGROUP GLOBAL MARKETS, INC.

Respondent.

ASSURANCE OF DISCONTINUANCE

The New York State Office of the Attorney General (“OAG”) commenced an investigation pursuant to Section 352 *et seq.* of the General Business Law (the “Martin Act”) and Executive Law § 63(12) into the overcharging of fees by Citigroup Global Markets, Inc. (“CGMI”) in its clients’ managed investment accounts. This Assurance of Discontinuance (“Assurance”) contains the findings of the OAG’s investigation and the relief agreed to by the OAG and CGMI (collectively, “the parties”).

OAG’S FINDINGS

1. CGMI has its principal office in New York, New York, and maintains offices and branch locations throughout the United States. CGMI is registered as a broker-dealer and investment adviser with the Securities and Exchange Commission (“SEC”), and provides a range of products and services to institutional and individual investors.

2. CGMI, formerly known as Salomon Smith Barney Inc. (“SSBI”), is an indirect, wholly-owned subsidiary of Citigroup Inc. (“Citi”). In 2009, Citi transferred 100% of its Smith Barney retail unit to a joint venture with Morgan Stanley called Morgan Stanley Smith Barney LLC (“MSSB”). MSSB is a broker-dealer and investment adviser registered with the SEC. Citi

held a minority interest in MSSB until June 2013, when Morgan Stanley purchased CGMI's remaining interest in MSSB.

The TRAK Program

3. Beginning in 1991, CGMI offered an investment advisory program called "TRAK" that allowed investors to invest in mutual funds. In exchange for ongoing investment advisory services associated with TRAK accounts, CGMI charged TRAK account holders an annual fee. TRAK accounts required a minimum initial investment of \$10,000. In 2009, most of CGMI's TRAK accounts were contributed to the MSSB joint venture. CGMI continued to offer the TRAK program until 2011, when any remaining accounts were migrated to a program called Managed Mutual Fund.

4. For TRAK accounts initially established by CGMI, annual fees were charged quarterly based on the fair market value of assets in a TRAK account on the last day of the previous quarter. The standard TRAK fee was 1.5% of the first \$500,000 of assets in the TRAK account, 1.2% of the next \$500,000 of assets in the TRAK account, and 1% of assets over \$1 million in the TRAK account. The fee schedule was negotiable, however, and many clients negotiated a lower rate than the standard fees.

5. In April 2012, a CGMI client with a TRAK account filed a complaint with the OAG regarding her account, and the OAG contacted CGMI to attempt resolution of the issue. In response, CGMI notified the client and the OAG that CGMI had discovered that it had been overcharging fees on the client's TRAK account. For a period of approximately four years, CGMI had charged the client a 1.5% fee according to the standard TRAK fee schedule, instead of the lower 1.2% fee the client had negotiated. CGMI credited the client's account for the overcharged fees with interest.

6. The OAG commenced an investigation into the overcharging of fees by CGMI in its clients' managed investment accounts. At the OAG's request, CGMI conducted an internal review of all TRAK accounts to determine whether other investors were charged the standard fee schedule despite having negotiated lower fees. CGMI regularly consulted with the OAG regarding its review.

7. According to CGMI's review and based on the data available to it, 31,401 TRAK accounts (out of 359,878 total reviewed TRAK accounts) incurred overcharged fees by a total amount of \$13,466,277.86 in principal and \$3,312,021.41 in interest. Although most of the overcharged fees were caused because CGMI did not correctly input the negotiated rates from a client's written contract into CGMI's electronic billing system, CGMI also identified other categories of errors relating to termination and leveling rebates and a systematic issue that occurred for certain accounts that transferred branches.

8. In cooperation with the OAG's investigation, CGMI voluntarily remediated fee overcharges associated with TRAK accounts, and worked with MSSB to enable it to remediate overcharges for certain TRAK accounts. Pursuant to an interim agreement with the OAG, CGMI began repaying TRAK account holders in September 2014 and substantially completed making repayments in September 2015.

9. According to CGMI's review and based on the data available to it, CGMI provided the OAG with a list of TRAK account holders who were overcharged and the total amount of fee overcharges for each such account holder. In connection with its review, CGMI identified 10,935 TRAK accounts that incurred *de minimis* overcharges, *i.e.*, the account incurred overcharges that totaled less than \$1 for open accounts or \$10 for closed accounts. The amount of overcharges for all accounts that incurred *de minimis* overcharges totaled \$48,592.09

(including interest), which CGMI has agreed to pay to the appropriate state through an escheatment process pursuant to paragraph 24 of this Assurance. With respect to TRAK accounts holders in New York State, CGMI identified 1,209 TRAK accounts for a total remediation amount of \$5,070.72.

Non-TRAK Managed Accounts

10. In cooperation with the OAG, CGMI then conducted a broader internal review regarding non-TRAK managed account programs to determine whether other systemic issues resulted in additional fee overcharges. CGMI regularly consulted with the OAG regarding its broader review.

11. CGMI's review identified non-TRAK accounts that incurred fee overcharges primarily because the negotiated fee schedule was not correctly entered into CGMI's current platform or the conversion of accounts from CGMI's previous, legacy platform to its current platform resulted in fee overcharges due to rounding errors. In connection with this review, CGMI identified 948 accounts that were overcharged by a total amount of \$1,030,082.07 in principal plus \$59,070.70 in interest.

12. In cooperation with the OAG, CGMI voluntarily remediated fee overcharges associated with these non-TRAK accounts. CGMI began repaying overcharged fees to clients on these non-TRAK accounts in December 2013 and completed making repayments in December 2014.

Frozen Accounts

13. As part of CGMI's broader internal review regarding non-TRAK managed accounts, CGMI's review also identified accounts that incurred fee overcharges because the accounts were charged fees during periods when the accounts were frozen, and CGMI

determined that these accounts should receive rebates. CGMI managed investment accounts may be frozen for a variety of reasons (*e.g.*, to address anti-money laundering regulations, a death of a client, or to implement investment changes or a transfer of securities). When an account was temporarily frozen, advisory fees would not be billed beginning with the next billing cycle, but because advisory fees were billed prospectively, they might already have been incurred for the quarter during the billing cycle in which the account was frozen. CGMI's internal review showed that some investors received rebates for the interim billing cycle and some did not. CGMI did not have adequate policies and procedures in place to determine in what circumstances rebates were warranted. CGMI determined that it would reimburse all customers for advisory fees while their accounts were frozen for seven or more calendar days. CGMI managed investment accounts that were frozen for a period of seven or more calendar days are referred to as "frozen accounts" in this Assurance.

14. In connection with its review, CGMI identified 15,297 frozen accounts that were overcharged fees by a total amount of \$3,521,073.44 in principal plus \$1,134,034.64 in interest.

15. In cooperation with the OAG, CGMI voluntarily remediated fee overcharges associated with frozen accounts. CGMI began repaying overcharged fees on frozen accounts to clients in August 2015 and completed making repayments in October 2015.

16. CGMI provided the OAG with a list of account holders whose frozen accounts were overcharged fees and the total amount of fee overcharges for each such account holder. In connection with its review, CGMI identified 561 frozen accounts that incurred *de minimis* overcharges, *i.e.*, the account incurred overcharges that totaled less than \$1 for open accounts or \$10 for closed accounts. The amount of overcharges for all frozen accounts that incurred *de minimis* overcharges totaled \$4,337.78, which CGMI has agreed to pay the appropriate state

through an escheatment process pursuant to paragraph 24 of this Assurance. With respect to frozen accounts in New York State, CGMI identified 80 accounts for a total remediation amount of \$639.60.

Interest Payments and Communications Regarding Repayment

17. In repaying investors who incurred fee overcharges on TRAK accounts and/or non-TRAK accounts, CGMI included an interest payment, calculated based on the Internal Revenue Service underpayment rate (the federal short-term rate, plus three percentage points). This interest rate is that which is required for restitution payments under the Department of Labor's Voluntary Fiduciary Correction Program and that which is customarily used by the Financial Industry Regulatory Authority and the SEC.

18. In contacting investors impacted by either TRAK account or non-TRAK frozen account overcharges, CGMI sent letters, which were pre-approved by the OAG, to each investor who incurred overcharges, stating (i) that the investor's account was affected by a fee overcharge, and (ii) that the amount of the overcharge would be refunded with interest to the investor's existing account, or, if the investor's account is no longer active, to the investor or to his or her heirs or assigns. The letters are attached hereto as Exhibit A for existing TRAK account holders, Exhibit B for closed TRAK accounts, Exhibit C for existing frozen account holders, and Exhibit D for closed frozen account holders.

Policies and Procedures

19. After the commencement of the OAG investigation, CGMI undertook to revise its policies and procedures to address the issues it uncovered in its internal review.

20. Specifically, CGMI has revised its account opening processes and testing procedures related to its billing systems to ensure investors are charged the appropriate fees,

trained its employees on how to properly identify fee overcharge problems and address fee overcharge inquiries, and instituted new procedures regarding the assessment of fees when accounts are terminated or frozen.

OAG'S CONCLUSIONS

21. The OAG finds that, as described herein, the overcharging of fees by CGMI in its clients' managed investment accounts violated the Martin Act and Executive Law § 63(12).

22. CGMI has fully cooperated with the OAG's investigation into this matter.

PROSPECTIVE RELIEF

WHEREAS, CGMI admits the OAG's Findings set out in paragraphs (1)-(20) of this Assurance; and

WHEREAS, CGMI neither admits nor denies the OAG's Conclusions set out in paragraphs (21)-(22) of this Assurance; and

WHEREAS, pursuant to an Interim Agreement executed on October 27, 2014, CGMI voluntarily agreed to the OAG's request that CGMI remediate the overcharging of fees associated with certain TRAK accounts and continue to cooperate with the OAG by analyzing whether other accounts were similarly impacted by fee overcharges, reporting its findings to the OAG, and remediating impacted accounts in consultation and coordination with the OAG; and

WHEREAS, CGMI has agreed to adopt procedures that will provide reasonable assurance that all CGMI fee-generating managed investment accounts are not subject to fee overcharges, including but not limited to those measures described in paragraph 20 of this Assurance; and

WHEREAS, CGMI has agreed to pay a penalty as set forth in paragraph 26 of this Assurance; and

WHEREAS, the OAG is willing to accept the terms of this Assurance pursuant to Executive Law § 63(15) and to discontinue its investigation; and

WHEREAS, the parties each believe that the obligations imposed by this Assurance are prudent and appropriate;

IT IS UNDERSTOOD AND AGREED, by and between the parties, that:

23. Within 60 business days after the execution of this Assurance unless CGMI notifies the OAG that additional time is necessary, CGMI will, to the extent it has not done so already, repay or direct repayment of all fee overcharges to clients identified as having incurred overcharged fees in TRAK and/or frozen accounts, except for *de minimis* overcharges which CGMI will escheat as set forth in paragraphs 9, 16, and 24 of this Assurance. CGMI bears sole responsibility for remediating payment to those accounts and for those amounts identified in this Assurance in paragraphs 7, 11 and 14, except with respect to those accounts opened initially at CGMI and contributed to the MSSB venture. For those accounts and for those amounts identified in this Assurance in paragraphs 7, 11 and 14, which were opened initially at CGMI and contributed to the MSSB venture, CGMI bears sole responsibility for directing repayment in coordination with MSSB and for payment of any overcharges incurred prior to June 1, 2009. Within 60 business days after the effective date of this Assurance unless CGMI notifies the OAG that additional time is necessary, CGMI will submit to the OAG an affidavit, subscribed to by an officer of CGMI, describing and attesting to CGMI's compliance with the undertakings set forth in this paragraph.

24. Within 60 business days after the execution of this Assurance unless CGMI notifies the OAG that additional time is necessary, CGMI will escheat the amount of fee overcharges for all accounts that incurred *de minimis* overcharges identified by CGMI in TRAK

or frozen accounts and any amounts resulting from unresponsive payees. Within 30 business days after the escheatment to all appropriate states has been effectuated, CGMI will submit to the OAG an affidavit, subscribed to by an officer of CGMI, describing and attesting to CGMI's compliance with the undertakings set forth in this paragraph.

25. For three consecutive years after the execution of this Assurance, provide a quarterly written report to the OAG concerning advisory fee overbilling errors that have been discovered in the United States-based advisory business conducted through or by CGMI that affect more than one unrelated advisory account, which report shall include or describe: (i) the nature and cause of the fee overbilling; (ii) the amounts overbilled; (iii) the number of accounts overbilled; (iv) how the error was discovered; (v) the date of discovery; (vi) the status and/or date of remediation; and (viii) the amount of the remediation with interest.

26. In consideration of this Assurance, and within 14 business days after the execution of this Assurance, CGMI will pay by wire transfer, certified check, or bank check payable to the State of New York a monetary penalty in the amount of \$1,000,000.00.

27. CGMI agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any portion of the monetary penalty it makes to the State of New York pursuant to paragraph 26 of this Assurance.

28. Any payments and all correspondence related to this Assurance must reference Assurance No. 16-178.

29. Pursuant to U.S. Securities and Exchange Commission Rule 506(d)(2)(iii) and Rule 262(b)(3), promulgated pursuant to the Securities Act of 1933, disqualification under Rule 506(d)(1) and Rule 262(a) should not arise as a consequence of this Assurance.

30. This Assurance is not intended to subject CGMI or its affiliates to any disqualifications, or form the basis of any disqualifications, contained in various states' (including Washington, DC, Puerto Rico, Guam and the Virgin Islands) securities laws, including any disqualification from relying upon any registration exemptions or safe harbor provisions and is not intended to disqualify CGMI or its affiliates from any business that they are otherwise qualified or licensed to perform.

31. The OAG has agreed to the terms of this Assurance based on, among other things, the representations made to the OAG by CGMI and its counsel and the OAG's own factual investigation as set forth in paragraphs (1)-(20) above. To the extent that any material representations made by CGMI or its counsel are later found to be inaccurate or misleading, this Assurance is voidable by the OAG in its sole discretion.

32. If the Assurance is voided or breached, CGMI agrees that any statute of limitations or other time-related defenses applicable to the subject of the Assurance and any claims arising from or relating thereto are tolled from and after the date of this Assurance. In the event the Assurance is voided or breached, CGMI expressly agrees and acknowledges that this Assurance shall in no way bar or otherwise preclude the OAG from commencing, conducting or prosecuting any investigation, action or proceeding, however denominated, related to the Assurance, against CGMI, or from using in any way any statements, documents or other materials produced or provided by CGMI prior to or after the date of this Assurance.

33. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by CGMI in agreeing to this Assurance.

34. CGMI represents and warrants, through the signatures below, that the terms and conditions of this Assurance are duly approved, and execution of this Assurance is duly authorized. CGMI shall not take any action or make any statement denying, directly or indirectly, the propriety of this Assurance or expressing the view that this Assurance is without factual basis. Nothing in this paragraph affects CGMI's (i) testimonial obligations or (ii) right to take legal or factual positions in defense of litigation or other legal proceedings to which the OAG is not a party. This Assurance is not intended for use by any third party in any other proceeding and is not intended, and should not be construed, as an admission of liability by CGMI.

35. This Assurance may not be amended except by an instrument in writing signed on behalf of all the parties to this Assurance.

36. This Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective successors and assigns, including any individual subsidiary, division, affiliate or other entity through which CGMI now acts or may hereafter act, as well as any successor in interest, provided that no party, other than the OAG, may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of the OAG.

37. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

38. To the extent not already provided under this Assurance, CGMI shall, upon request by the OAG, provide all documentation and information necessary for the OAG to verify compliance with this Assurance.

39. All notices, reports, requests, and other communications to any party pursuant to this Assurance shall be in writing and shall be directed as follows:

If to CGMI to:

Joshua E. Levine
Citigroup Inc.
388 Greenwich Street
17th Floor
New York, NY 10013
212-816-6114

If to the OAG to:

Katherine C. Milgram
Chief of the Investor Protection Bureau
Office of the New York State Attorney General
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-6497

40. Acceptance of this Assurance by the OAG shall not be deemed approval by the OAG of any of the practices or procedures referenced herein, and CGMI shall make no representation to the contrary.

41. Pursuant to Executive Law § 63(15), evidence of a violation of this Assurance shall constitute *prima facie* proof of violation of the applicable law in any action or proceeding thereafter commenced by the OAG.

42. If a court of competent jurisdiction determines that CGMI has breached this Assurance, CGMI shall pay to the OAG the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

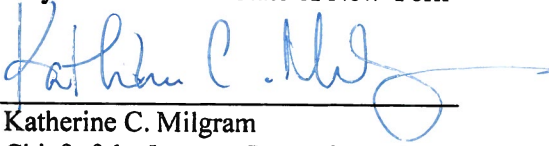
43. The OAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. The OAG is willing to accept this Assurance pursuant to Executive Law § 63(15), in lieu of commencing a statutory proceeding. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

44. Nothing contained herein shall be construed as to deprive any person of any private right under the law.

45. This Assurance may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

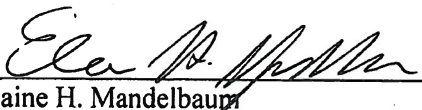
Dated: January 12, 2017
New York, New York

ERIC T. SCHNEIDERMAN,
Attorney General of the State of New York

By: 
Katherine C. Milgram
Chief of the Investor Protection Bureau
Office of the New York State Attorney General
120 Broadway, 23rd floor
New York, NY 10271
(212) 416-6497

Dated: January 5, 2017
New York, New York

Citigroup Global Markets, Inc.

By: 
Elaine H. Mandelbaum
Managing Director and General Counsel,
ICG Litigation and Regulatory Enforcement,
Office of the General Counsel

This Assurance has been reviewed by counsel, who also certifies that the Citigroup Global Markets, Inc. signatory above, Elaine H. Mandelbaum, is duly authorized by Citigroup Global Markets, Inc. to execute the same, and that the signature above is true and authentic:

Dated: January 5, 2017
New York, New York

Citigroup Global Markets, Inc.

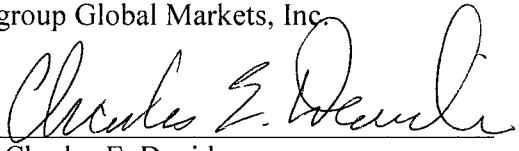
By: 
Charles E. Davidow
Paul, Weiss, Rifkind, Wharton & Garrison LLP

Exhibit A

RE: Important Information Regarding Your Account

Account Number:

Dear Client:

We are writing in reference to the above referenced account that had been invested in a predecessor program known as TRAK®. We identified an inaccuracy in your account, resulting in an overcharge of advisory fees above your agreed upon rate. The adjustments necessary to correct the above described discrepancy with interest will be processed as an "Investment Credit Adjustment" within 30 days of this notice and automatically credited to your account. Please be assured that the inaccuracy that caused the overcharge has been corrected. We are working along with New York State Attorney General Eric T. Schneiderman in resolving this overcharge.

If your account is taxable, your 2014 Form 1099-INT for this account will reflect the interest component of this payment. If your account is a retirement account, this payment constitutes additional earnings in this account and not a contribution.

We apologize for any inconvenience this may have caused. If you have any questions or would like additional information please contact your Financial Advisor or 1-888-820-2886. We thank you for choosing us to assist you in achieving your financial goals.

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Citi Private Bank, Citi Personal Investments International and Citi Personal Wealth Management are businesses of Citigroup Inc. and in the U.S., investment products and services are provided by Citigroup Global Markets Inc. ("CGMI"), member SIPC. Outside the U.S., investment products and services are provided by other Citigroup affiliates. Investment Management services (including portfolio management) are available through CGMI, Citibank, N.A. and other affiliated advisory businesses. Citi Personal Investments International (CPII) offers investment products and services to Citigold Private Client, Citigold International and International Personal Banking clients through CGMI.

Citi Private Bank provides its clients access to a broad array of products and services available through bank and non-bank affiliates of Citigroup. Not all products and services are provided by all affiliates or are available at all locations.

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Exhibit B



RE: Important Information Regarding Your Former TRAK® Account

Dear Client:

We are writing in reference to your former TRAK® managed account. We identified an inaccuracy in that account, resulting in an overcharge of advisory fees above your agreed-upon rate. We have worked with New York State Attorney General Eric T. Schneiderman in resolving this overcharge. A check is enclosed for the appropriate advisory fee rebate, plus interest.

Depending on your account type we may report these amounts to the Internal Revenue Service (IRS) as indicated in the chart below:

Account Type	2014 Tax Reporting Treatment
Taxable	A Form 1099-INT will reflect the interest component of the payment.
Individual Retirement Account (IRA)	The payment constitutes additional earnings and not a contribution to your IRA. You should deposit this check into your IRA as a tax-free trustee to trustee transfer. If you do not have an IRA, you can request a replacement check, by contacting us at 1-888-820-2886. You are required to return the enclosed check before a replacement will be issued. If you request a replacement check, the payment will be reported as a distribution on a Form 1099-R and will be subject to mandatory federal income tax withholding of 10% of the gross distribution unless we received specific instructions from you not to withhold at the time the IRA was closed. The payment may also be subject to state withholding if you are a resident of a state that imposes mandatory state withholding on distributions from IRAs. All or some of the replacement check may be eligible to be rolled over into an IRA or other eligible retirement plan and if so, the roll over must occur within 60 days of receipt. Any amount not rolled over may also be subject to the 10% early withdrawal penalty under the Internal Revenue Code, depending on whether an exception applies.
Retirement Plan (pension, profit sharing, money purchase plan or 401(k) plan) (the "Plan")	If you served as trustee or other responsible plan fiduciary: Please be advised that this check represents plan assets and you are responsible for depositing it into the current account for the Plan or otherwise handling it in accordance with applicable law. This distribution constitutes additional earnings in this account and not a contribution to the Plan. If you are not the trustee or other responsible

	fiduciary for the plan: Please forward this letter and enclosed check to the appropriate party.
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We suggest that you consult with your legal or tax advisor concerning this payment, especially if your account was an IRA or Plan account. We apologize for any inconvenience this may have caused. If you have any questions or would like additional information please contact 1-888-820-2886.

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Citi Private Bank provides its clients access to a broad array of products and services available through bank and non-bank affiliates of Citigroup. Not all products and services are provided by all affiliates or are available at all locations.

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Exhibit C

RE: Important Information Regarding Your Account

Account Number:

Dear Client:

We are writing in reference to the above referenced account. We have determined that certain advisory fees you paid should be rebated. The adjustments necessary to correct the discrepancy with interest will be processed as an "Investment Credit Adjustment" within 30 days of this notice and automatically credited to your account. We have been working along with New York State Attorney General Eric T. Schneiderman in resolving this issue.

If your account is taxable, your 2015 Form 1099-INT for this account will reflect the interest component of this payment. If your account is a retirement account, this payment constitutes additional earnings in this account and not a contribution.

We apologize for any inconvenience this may have caused. If you have any questions or would like additional information please contact your Financial Advisor. We thank you for choosing us to assist you in achieving your financial goals.

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Citi Private Bank ("CPB"), Citi Personal Wealth Management ("CPWM"), and Citi Personal Investments International ("CPII") are businesses of Citigroup Inc. and in the U.S., investment products and services are provided by Citigroup Global Markets Inc. ("CGMI"), member SIPC. Outside the U.S., investment products and services are provided by other Citigroup affiliates. Investment Management services (including portfolio management) are available through CGMI, Citibank, N.A. and other affiliated advisory businesses. Not all products and services are provided by all affiliates or are available at all locations.

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Exhibit D



RE: Important Information Regarding Your Former Advisory Account

Dear Client:

We are writing in reference to your advisory account formerly held at Smith Barney or another division of Citigroup Global Markets Inc. We have determined that certain advisory fees you paid should be rebated. We have worked with New York State Attorney General Eric T. Schneiderman in resolving this issue. A check is enclosed for the appropriate advisory fee rebate, plus interest. Please refer to the enclosed check and check stub for your former account number.

Depending on your account type we may report these amounts to the Internal Revenue Service (IRS) as indicated in the chart below:

Account Type	2015 Tax Reporting Treatment
Taxable	A Form 1099-INT will reflect the interest component of the payment.
Individual Retirement Account (IRA)	The payment constitutes additional earnings and not a contribution to your IRA. You should deposit this check into your IRA as a tax-free trustee to trustee transfer. If you do not have an IRA, you can request a replacement check, by contacting us at XXXXXXXX. You are required to return the enclosed check before a replacement will be issued. If you request a replacement check, the payment will be reported as a distribution on a Form 1099-R and will be subject to mandatory federal income tax withholding of 10% of the gross distribution unless we received specific instructions from you not to withhold at the time the IRA was closed. The payment may also be subject to state withholding if you are a resident of a state that imposes mandatory state withholding on distributions from IRAs. All or some of the replacement check may be eligible to be rolled over into an IRA or other eligible retirement plan and if so, the roll over must occur within 60 days of receipt. The one rollover per year limit may apply if you decide to roll over the replacement check. Any amount not rolled over may also be subject to the 10% early withdrawal penalty under the Internal Revenue Code, depending on whether an exception applies.
Retirement Plan (pension, profit sharing, money purchase plan or 401(k) plan) (the "Plan")	If you served as trustee or other responsible plan fiduciary: Please be advised that this check represents plan assets and you are responsible for depositing it into the current account for the Plan or otherwise handling it in accordance with applicable law. This distribution constitutes additional earnings in this account and not a contribution to

	the Plan. If you are not the trustee or other responsible fiduciary for the plan: Please forward this letter and enclosed check to the appropriate party.
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We suggest that you consult with your legal or tax advisor concerning this payment, especially if your account was an IRA or Plan account. We apologize for any inconvenience this may have caused. If you have any questions or would like additional information please contact **XXXXXX**.

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