

GODZILLA VS. SMITH BARNEY

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The business press and ever useless network news has once again covered up another colossal scandal with one of their darling top advertising sponsors Citigroup/Smith Barney. The sovereign country of Japan has ordered Citigroup to shut down their financial planning offices and get out of the country. One of America's largest brokerage firms has been declared persona non grata; my only regret is that I only wish they sent Godzilla over to deliver the news. Whether it be Argentina, Italy, the United States and now Japan; Citigroup/Smith Barney has once again proven us correct, they will leave no country unscathed when it comes to their nefarious business practices.

By sending Citigroup/Smith Barney packing, Japan has handed down their harshest penalties ever against a bank operating in their country. The Japanese Financial Services Agency has revoked their license to serve individual investors. In their statement, Japan criticized Citigroup/Smith Barney for not having properly functioning internal controls, also stating that it had uncovered a long list of *“serious violations of laws and regulations”* and *“extremely inappropriate transactions.”* Over three years Citigroup/Smith Barney misled clients about the risk involved in some products, tied loans to the purchase of specific investments, allowed transactions that looked like money laundering, and extended loans that were used to manipulate publicly traded stock.

The Japanese Financial Services review demonstrated a culture within Citigroup/Smith Barney's offices that were more than tolerant of lax and potentially criminal practices as long as sales targets were met, states Andrew Morse of the *Wall Street Journal*. FSA officials stated that Citigroup/Smith Barney salespeople took advantage of Japanese customers, by making unrealistic projections for returns on investments and selling them complicated derivative products that they did not understand. The *Wall Street Journal* also reported that in many cases the salespeople sold derivative products based on U.S. Treasuries and Japanese government bonds at prices well above the market price. Citigroup/Smith Barney also broke Japanese securities laws by selling unauthorized products that included foreign real estate investments, foreign life insurance policies, and deals involving art.

You have to hand it to the folks at Citigroup/Smith Barney; at least their policies are consistent. This company is equally fraudulent and deceptive no matter what country they are doing business in. We are fascinated, amazed and bewildered that people are still drinking the Kool-aide and allowing themselves to be ripped off by this ongoing criminal enterprise.



**Where is Godzilla when
you really need him?**