



***United States Attorney
Southern District of New York***

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**FORMER HEAD OF CITIBANK COMMODITIES DESK PLEADS GUILTY
IN FEDERAL COURT TO CHARGE OF INFLATING PROFITS BY UP
TO \$20 MILLION**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that DAVID BECKER, the former head of the commodities trading desk at Citibank NA ("Citibank"), pled guilty today to conspiring to falsify bank records and to commit wire fraud. BECKER was charged in connection with a scheme to inflate the trading profits of the Citibank commodities desk by as much as \$20 million during 2003 in order to enhance his apparent job performance and his eligibility for bonuses from Citibank.

According to the Information filed today and to which BECKER pled guilty, BECKER, the head of Citibank's worldwide commodities trading activity, and his co-conspirator, the head of American commodities trading and sales, overstated the financial performance and understated the market risk of Citibank's commodities desk during 2003. The Information charges that they accomplished this scheme through a number of means, including inputting false data into a computer model used to estimate the value of positions held by the commodities desk. For example, that computer model used various inputs, including so-called "correlations"--the mathematical relationship between certain commodity contract prices--to estimate profit and loss, present value, risk exposure and other performance measures. According to the Information, in October and November 2003, BECKER and his co-conspirator input correlations into that model that were inconsistent with market rates and inconsistent with correlations input for similar contracts held by the commodities desk, but which artificially inflated the profit reported by the desk by millions of dollars. The Information charges that in January 2004, after the end of Citibank's financial year and after questions had been raised about the accuracy of those correlations, BECKER and his co-conspirator changed certain of the correlations back to market rates.

The Information also charges that BECKER and his co-conspirator input fictitious options trades into the computer model in order to reduce reported market risk and increase reported profits. According to the Information, during 2003 traders on the Citibank commodities desk could estimate the value of a proposed trade by placing it into a so-called "test portfolio" in the computer model before actually executing the trade and moving it into the so-called "live portfolio." According to the Information, in late 2003 BECKER and his co-conspirator moved certain fictitious at-the-money or profitable options trades from the test portfolio into the live portfolio just prior to month end valuations of the Citibank commodities desk. The Information further charges that after those month-end valuations were complete, BECKER and his co-conspirator moved those fictitious trades back into the test portfolio. Inclusion of these fictitious trades in the month end valuation resulted in the reporting of reduced risk and inflated profits for the commodities desk, the information charged.

The Information further charges that BECKER and his co-conspirator caused false information to be reported to the Citibank financial control department, which was monitoring the commodities desk. As part of that monitoring, the information charged, during 2003 the financial control department regularly obtained market quotes from brokers who were independent of Citibank and compared those quotes to those provided by the Citibank commodities desk. According to the Information, during 2003 and January 2004, BECKER and his co-conspirator directed a broker at an independent commodities brokerage firm to supply false market quotes to the Citibank financial control department in order to undermine its monitoring of the Citibank commodities desk.

BECKER pled guilty to one count of conspiracy to falsify bank records and to commit wire fraud. BECKER faces a maximum sentence of 5 years in prison and a fine of \$250,000 or twice the gross gain or gross loss from the offense. The Honorable Alvin K. Hellerstein scheduled the sentencing for January 26, 2007.

BECKER, 40, lives in Great Neck, New York.

Mr. GARCIA commended the Federal Bureau of Investigation for its assistance in the investigation.

Assistant United States Attorney Jonathan R. Streeter is in charge of the prosecution.