

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:

PATRICIA C. FANELLA)
)

FILE NO. 0600367

CONSENT ORDER OF WITHDRAWAL

TO THE RESPONDENT:

Patricia C. Fanella (CRD#: 2291152)
1272 Hillcrest Boulevard
Millbrae, California 94030

C/o Melvin F. Williams Jr. Associate General Counsel,
Citigroup Global Markets Inc.
77 Water Street
New York, New York 10005

WHEREAS, Respondent on the 15th day of March 2007 executed a certain Stipulation to Enter Consent Order of Withdrawal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated January 9, 2007 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

2. That on May 10, 2006 an Exchange Hearing Panel of the New York Stock Exchange Inc. (NYSE) accepted a Stipulation of Facts and Consent to Penalty entered into between the Exchange's Division of Enforcement and the Respondent (Decision) in File No. 06-26 which imposed the following sanctions upon the respondent:
 - a. censure;
 - b. three-month suspension from membership, allied membership, approved person status, and from employment or association in any capacity with any member or member organization; and
 - c. an undertaking that she cooperate with Enforcement and testify truthfully in connection with any disciplinary proceedings relating to matters set forth herein.
3. That the Decision found:

Background and Jurisdiction

- a. The Respondent was born in July 1968. She entered the securities industry in January 1996 when she became employed with Smith Barney Inc., and became a registered employee in November 1996. She has remained with Smith Barney Inc., a subsidiary of Citigroup Global Markets, Inc. ("CGMI" or the "Firm").
- b. On or about October 8, 2003, CGMI filed with the Exchange a Submission of Required Information Pertaining to Members, Member Organizations, Allied Members, Registered and Non-Registered Employees and Approved Persons ("Form RE-3") reporting disciplinary action had been taken against the Respondent for participating in the removal of documents from the Palo Alto, California branch office (the "Palo Alto Office") in an effort to pass an internal branch audits. The Respondent was suspended for 20 consecutive business days. The Respondent is currently the Operations Manager for the Palo Alto Office.
- c. Enforcement notified the Respondent of its investigation on July 28, 2004, during the Respondent's on the record testimony before the Exchange.

Overview

- d. As set forth in detail below, in preparation for internal audits/examinations of the Palo Alto Office during the period 1997 through 2001, the Respondent, an employee of the Palo Alto Office, altered records of the Firm by adding information after the fact, such as initials or signatures indicating timely supervisory review, and by back dating documents, caused other employees to alter such documents and caused her member firm employer to preserve inaccurate books and records.

Altering Documents and Causing Other Employees to Alter Documents

- e. In preparation for upcoming internal examinations during the period 1997 through 2001, the Respondent, among other employees from the Palo Alto Office, collected and reviewed documents requested by the Firm's Branch Examinations Department.
- f. While reviewing these documents in anticipation of the examinations, the Respondent, flagged certain documents that were missing the required signatures or initials, or were otherwise non-compliant with Firm policies and procedures.
- g. Based upon her understanding of protocol at the Palo Alto Office, the Respondent also instructed subordinate employees at the Palo Alto Office to flag certain documents that were missing the required signature, initials, or were otherwise non-compliant with Firm policies and procedures.
- h. If documents were missing the required signatures or initials, the Respondent would place the missing signatures or initials on the documents or give the documents to another manager to add the missing signatures or initials, so that it appeared as if branch supervisory personnel had reviewed the documents.
- i. If the documents could not be so easily corrected, the Respondent would remove them so that they would not be subject to the auditors' review, then return the documents after the audit.
- j. That by virtue of the foregoing, the Respondent violated NYSE Rule 476(a)(6) by engaging in conduct inconsistent with just and equitable principles of trade in that she altered records of her member firm employer without proper authority.

Books and Records

- k. By removing certain documents, adding missing signatures or initials to other documents and causing other employees to alter such documents, the Respondent caused the Firm's books and records to contain inaccurate information in violation of Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4 there under, and Exchange Rule 440.
4. That Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That the NYSE is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

The Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that she shall cause to have her registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of Eighteen (18) months from the entry of this Consent Order.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that she shall be levied costs incurred during the investigation of this matter in the amount of Eight Hundred Fifty dollars (\$850.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that she has submitted with the Stipulation a certified or cashier's check in the amount of Eight Hundred Fifty dollars (\$850.00) to cover costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

Consent Order of Withdrawal

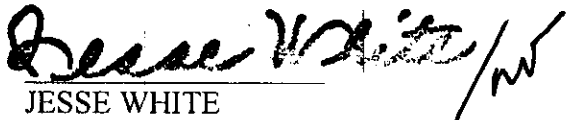
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WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent shall cause to have her registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of Eighteen (18) months from the entry of this Consent Order.
2. The Respondent is levied costs of investigation in this matter in the amount of Eight Hundred Fifty dollars (\$850.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on March 30, 2007 has submitted Eight Hundred Fifty dollars (\$850.00) in payment thereof.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 30th day of March 2007.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized flourish or initials.

JESSE WHITE
Secretary of State
State of Illinois