



*United States Attorney
Southern District of New York*

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**FORMER HEAD OF CITIBANK COMMODITIES DESK SENTENCED TO
15 MONTHS FOR FALSELY 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"), was sentenced today to 15 months' imprisonment for conspiring to falsify bank records and to commit wire fraud. On September 26, 2006, BECKER pleaded guilty to scheming 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 to which BECKER pled guilty:

BECKER, the head of Citibank's worldwide commodities trading activity, and his co-conspirator, CHARLES CRAIG GILE, the head of American commodities trading and sales, overstated the financial performance and understated the market risk of Citibank's commodities desk during 2003. GILE pleaded guilty to similar charges on October 19, 2006 and is scheduled to be sentenced on April 20, 2007.

BECKER and GILE 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. In October and November 2003, BECKER and GILE 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. 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 GILE changed certain

of the correlations back to market rates.

BECKER and GILE also input fictitious options trades into the computer model in order to reduce reported market risk and increase reported profits. 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." In late 2003 BECKER and GILE 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. After those month-end valuations were complete, BECKER and GILE 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.

Additionally, BECKER and GILE caused false information to be reported to the Citibank financial control department, which was monitoring the commodities desk. As part of that monitoring, 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. During 2003 and January 2004, BECKER and GILE 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.

In addition to 15 months in prison, BECKER was sentenced to 2 years' supervised release, a \$25,000 fine, and a \$100 special assessment. He was also ordered to pay \$200,000 in restitution.

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

GILE, 42, lives in Longwood, Florida.

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.

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