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CITICORP

The Commission has released the following statement concerning an investigation involving Citicorp:

There have been recent press reports concerning the Commission's decision not to take action against Citicorp for not disclosing alleged foreign exchange trading improprieties to avoid foreign taxes and currency exchange controls.

Certain members of the enforcement staff believed that Citicorp violated the Commission's disclosure rules. However, the Director of the Division of Enforcement, the Office of the General Counsel and the Division of Corporation Finance were of a contrary opinion. The factors that influenced a majority of the Commissioners decision not to bring the case included the following:

1. The allegations were not adequately established.
2. Even if established, the alleged amounts for the years in question were not material to Citicorp.
3. The Comptroller of the Currency had concluded that no action was warranted under U.S. banking laws.

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4. The law concerning disclosure of unadjudicated allegations is unclear. There would have been a serious possibility of court reversal of the Commission's action, which would have been bad precedent.
5. The matter was essentially a banking or tax case, not a securities case.
6. The case was old. The practices in question occurred in 1973 to 1978.

The illegal disclosure to the press of confidential Commission proceedings is also a serious cause of concern. It violates the rights and interests of private parties, inhibits the Commission's ability to obtain essential cooperation of the private sector in its investigations and undermines the candid debate of critical issues by members of the Commission and the staff necessary to well considered decisions. It is for these reasons that the Commission normally does not comment on actions not brought.

In view of the distorted impressions created by statements in the press, the Commission would welcome the opportunity to provide a full account of its handling of the Citicorp matter before an appropriate Congressional committee.

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