



Citigroup Settles Old WorldCom Suits

Twenty-six investor suits, dating back to Grubman reports on MCI WorldCom, are settled.

[Stephen Taub](#), CFO.com

November 06, 2006

Citigroup said it settled 26 lawsuits brought by individuals who opted out of the WorldCom securities class action settlement in 2004. The world's largest bank said in a brief announcement in its latest regulatory filing that it will be able to dip into existing reserves to cover the settlement, which was agreed upon in September.

Citigroup investors sued the financial services company over reports written by Smith Barney equity analyst Jack Grubman about the reportedly rosy prospects of MCI WorldCom. The investors claimed they then lost money when the former telecom giant went bankrupt in 2002.

In 2004, Citigroup, which owns Smith Barney, agreed to pay \$2.65 billion to settle class-action suits brought by investors who bought WorldCom securities before the company filed for bankruptcy. At the time, Citigroup said it denied violating any law but was settling "solely to eliminate the uncertainties, burden and expense of further protracted litigation," according to an Associated Press article.

Citigroup chief executive Charles Prince said in a statement at the time that the settlement was designed "to put an unfortunate chapter behind us so we can focus on our continuing prospects for growth."

© CFO Publishing Corporation 2006. All rights reserved.