

# Facing the music

Litigation showed Citi the importance of a good relationship with regulators

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“Get to know your key regulators well and build trust,” says Royce Miller, Asia general counsel of Citigroup’s institutional clients group, on the outcome of a large public litigation case brought against Citigroup in 2005. “Regulators need to have confidence that you are taking on board their views, want to act the right way and will address regulatory concerns and participate in the reform dialogue, if there needs to be one.”

In the headline-grabbing case, the Australian Securities and Investments Commission (ASIC) sued the Australian branch of Citigroup over breaches of fiduciary duties to its client, Toll Holdings. In August 2005, around the same time that Citigroup’s private arm was advising Toll on a proposed takeover of Patrick Corporation, its public arm was involved in proprietary trading of Patrick shares. ASIC alleged that Citigroup had a conflict of interest, due to its fiduciary relationship with Toll, and that it had also violated insider trading regulations. In the end, the charges were dismissed and it was back to business as usual for all parties, and for Miller, another day on the job where new, challenging projects pop up all the time.

The legal profession wasn’t always his first choice: Miller attended a pre-college programme at the Juilliard School for cello and chamber music and graduated from Harvard with a degree in music. After a year working at Cleary Gottlieb Steen & Hamilton as a paralegal, however, Miller was sold on the legal profession. He went on to graduate from the New York University School of Law. But even after working as a Cleary Gottlieb associate in the Washington, DC and London offices, Miller pursued two tracks.

“I would leave the office to go perform in concerts and then come back late and finish work.” The point of no return came when he was accepted into the Guildhall School of Music & Drama, a London conservatory. “I got in and had one lesson. But I had to cancel my lesson the next week because of work, and never made it back. I paid for a semester there and only had one cello lesson,” he says. “I just decided to face the music, so to speak.”

## Coping with litigation

It was Miller’s early experience at Cleary



Gottlieb, dealing with litigation as a paralegal and with many practice areas as an associate, that helped prepare him for the ASIC case. “It’s extremely unpleasant being the general counsel of a firm that needs to have good relationships with its regulators, when at the same time a regulator is publicly suing part of the business,” says Miller of the experience.

Though the case wasn’t easy, the lawyer credits ASIC with maintaining a good relationship throughout. “Each side had an understanding that whatever came up in the litigation, we would need to have a functioning professional relationship. We both had the view that we would learn from the eventual outcome and not have bad blood. I think it shows that ASIC management was trying to do the right thing.”

As to the verdict of the case – that Citigroup and Toll’s relationship was non-fiduciary and that the company’s Chinese walls were not breached and no insider trading occurred – Miller is satisfied with the outcome and the legal process that went into it.

“There are procedures you need to have in place to manage potential conflicts, and there are also issues that come up in real-time that are not going to fit neatly within written procedures. Business management, legal and compliance professionals need to make judgment calls as to how to do the right thing,”

**“Behind the scenes, our competitors were hoping that we would win”**

## CV

**Citigroup** – Managing director and Asia general counsel, institutional clients group, 2008 to present

**Citigroup** – Managing director and Asia general counsel, markets and banking division, 2003 to 2008

**Citigroup** – Managing director and deputy general counsel, Europe, 2001 to 2003

**Citigroup** – Deputy general counsel, Europe, 2000 to 2001

**Citigroup** – Director, 1998 to 2000  
Salomon Brothers – Vice president and counsel, 1994 to 1998

**Cleary Gottlieb Steen & Hamilton** – Associate, 1986 to 1993

says Miller. “The decision validated all of this.”

The case was scrutinised by parties across the globe, especially by those who feared a different outcome. “Regulators around the world were closely watching the case. All of our competitors were closely watching the case, and behind the scenes were hoping that we would win, because some of the things being challenged were very close to the way they were handling things.”

## A Citigroup veteran

Miller got a taste for the complexity – and necessary diplomacy – of in-house work back in 1994. During a stint in Cleary Gottlieb’s London office, the lawyer was seconded to one of his clients, Salomon Brothers. He enjoyed the experience so much that he later joined the company in 1994 as vice president and counsel. The company was then acquired by Travelers Group in 1998, which soon became Citigroup after a merger.

Miller has been with the company ever since. Asked about the reason for his long-term association with the company, Miller says: “Citi is a place where I’ve been able to switch jobs every three or four years without switching firms. It’s got such a wide coverage area and is on the cutting edge of so many different business lines and operates in so many different countries.”

Even in today’s unfavourable market conditions, Miller maintains a positive outlook. “When the people that you work with are both smart and nice people who know right from wrong, where there’s an appreciation that lawyers can be part of the solution and not just the policemen, it’s a good place to be a lawyer.”