

**THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

GARY KOSSEFF, Individually and On Behalf of All Others Similarly Situated,)	
)	CIVIL ACTION NO. 09-cv-890
Plaintiff,)	
)	CLASS ACTION COMPLAINT
vs.)	
)	
ROYAL BANK OF SCOTLAND GROUP PLC, FREDERICK ANDERSON GOODWIN, GORDON FRANCIS PELL, GUY R. WHITTAKER, COLIN BUCHAN, ARCHIBALD SINCLAIR HUNTER, JOSEPH PATRICK MACHALE, STEVE ROBSON, ROBERT AVISSON SCOTT, PETER D. SUTHERLAND, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, GREENWICH CAPITAL MARKETS, INC., MORGAN STANLEY & CO. INCORPRATED, UBS SECURITIES LLC, WACHOVIA CAPITAL MARKETS, LLC, BANK OF AMERICA SECURITIES LLC, CITIGROUP GLOBAL MARKETS, INC., and RBC DAIN RAUSCHER INC.,)	<u>JURY TRIAL DEMANDED</u> “ECF Case”
)	
Defendants.)	
)	

Plaintiff Gary Kosseff, individually and on behalf of all other persons similarly situated (the “Class”), by his attorneys, makes the following allegations based upon all the facts set forth below, which were obtained through a detailed investigation made by and through Plaintiff’s counsel. The investigation included, among other things, review of: (i) publicly available news articles and reports; (ii) public filings including, but not limited to, the Royal Bank of Scotland Group plc’s (“RBS” or the “Company”) Securities and Exchange Commission (“SEC”) filings and prospectuses; and (iii) press

releases issued by Defendants. Plaintiff believes that further evidentiary support for the allegations set forth herein shall be provided after a reasonable opportunity for discovery.

NATURE OF ACTION

1. This is a securities class action filed on behalf of 1) purchasers or acquirers of RBS Series “Q” 6.75% Preferred stock, CUSIP # 780097754 (“Series Q Stock”) pursuant to the Company’s public offering on May 18, 2006, (the “Series Q Offering”), and/or 2) purchasers or acquirers of RBS Series “T” 7.25% Preferred stock, CUSIP # 780097713 (“Series T Stock”) pursuant to the public offering on September 20, 2007, (the “Series T Offering”; the Series Q Offering and Series T Offering are referred to collectively as the “Offerings”; Series Q Stock and/or Series T Stock are referred to collectively as “Preferred Stock”). These claims are brought against RBS, certain officers and directors of RBS, and the lead underwriters of the Offerings, (collectively, “Defendants”) for violations of the federal securities laws in connection with the Offerings.

2. This action arises under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the “Securities Act”), 15 U.S.C. §§ 77k, 771 and 77o, which imposes liability on Defendants for failure to draft a registration statement, prospectuses, and accompanying documents that fully and accurately inform investors of all material facts and industry trends affecting RBS and its subsidiaries. Defendants are held strictly liable for any material misrepresentations or omissions found in such documents. Specifically, the documents at issue in this litigation include:

- (a) a registration statement, filed by RBS with the SEC on form F-3 on

April 8, 2005, (the “Registration Statement”);

(b) a prospectus filed by RBS with the SEC on or around May 16, 2007, for the Series Q Offering (the “Series Q Prospectus”);

(c) a prospectus filed by RBS with the SEC on or around September 18, 2007, for the Series T Offering (the “Series T Prospectus”, both prospectuses are referred to collectively as the “Prospectuses”); and

(d) documents incorporated by reference to the Registration Statement and Prospectuses.

3. From the time of the issuance of the Registration Statement, RBS had tremendous exposure to the sub-prime mortgage market through collateralized debt obligations (“CDOs”). As a result of such exposure, RBS was ultimately forced to take billions of pounds in write-downs. These write-downs caused RBS to suffer insufficient capital levels, which ultimately required RBS to raise additional capital through a bailout by the British government. As a result, the price of Preferred Stock dropped precipitously from the original price of the respective Offerings.

4. The above problems were risks, constituting material facts, that were not disclosed in the Registration Statement, the Prospectuses, or any documents incorporated by reference therein. These misstatements or omissions rendered such documents materially false and misleading.

5. As a result of these misstatements, Plaintiff suffered serious financial damage, and brings this action to recover such damages incurred thereby as well as the costs and expenses of this litigation, and any further relief as may be just and proper.

JURISDICTION AND VENUE

6. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§ 77k, 771(a)(2) and 77o.

7. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a).

8. Venue is proper in this Judicial District pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and 28 U.S.C. § 1391(b), because many of the alleged acts, transactions, and conduct constituting violations of law, including the issuance and dissemination of materially false and misleading information to the investing public, occurred, at least in part, in this District. Additionally, Defendants reside, maintain their headquarters or conduct substantial business in this District.

9. In connection with the acts, conduct, and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

10. Plaintiff Gary Kosseff purchased shares Series Q Stock pursuant to the Series Q Offering, and Series T Stock pursuant to the Series T Offering, as shown on the attached certification, and was damaged thereby. Plaintiff purchased his Series Q Stock directly from Smith Barney, a wholly owned subsidiary of Citigroup Inc. and sibling of Defendant Citigroup Global Markets, Inc.

The Company Defendant

11. RBS is a foreign corporation with its principal executive offices located

in Edinburgh, United Kingdom. RBS is a holding company that provides a wide range of banking, insurance and finance-related activities. The Company's subsidiaries include the Royal Bank of Scotland, a clearing bank that operates over 900 branches internationally, the National Westminster Bank, Ulster Bank, Citizens Bank, and Direct Line Insurance.

12. RBS regularly issues American Depository Receipts (ADRs) that trade in the New York Stock Exchange. Series Q Stock and Series T Stock are just two of the many securities that RBS sold in the United States in accordance with the Registration Statement.

Individual Defendants

13. Defendant Frederick Anderson Goodwin ("Goodwin") served as Chief Executive Officer and Director of the Company from March 2000 through October 13, 2008. Mr. Goodwin signed the Registration Statement and the Forms 20-F, filed with the SEC ("Form 20-F"), for the years 2004, 2005, and 2006.

14. Defendant Gordon Francis Pell ("Pell") has served as a director of the Company since March 2000. Mr. Pell signed the Registration Statement.

15. Defendant Guy R. Whittaker ("Whittaker") has served as Group Finance Director and a director of the Company since February 2006. Mr. Whittaker signed the Forms 20-F for the years 2005 and 2006. Mr. Whittaker also signed the Form 6-K, filed on August 15, 2007, providing results for the first six months of 2007.

16. Defendant Colin Buchan ("Buchan") has served as a director of the Company since June 2002. Mr. Buchan signed the Registration Statement.

17. Defendant Archibald Sinclair Hunter ("Hunter") has served as a director

of the Company since September 2004. Mr. Hunter signed the Registration Statement.

18. Defendant Joseph Patrick MacHale (“MacHale”) has served as a director of the Company since September 2004. Mr. MacHale signed the Registration Statement.

19. Defendant Steve Robson (“Robson”) has served as a director of the Company since July 2001. Mr. Robson signed the Registration Statement.

20. Defendant Robert Avisson Scott (“Scott”) has served as a director of the Company since January 2001. Mr. Scott signed the Registration Statement.

21. Defendant Peter D. Sutherland (“Sutherland”) has served as a director of the Company since January 2001. Mr. Sutherland signed the Registration Statement.

22. Defendants Goodwin, Pell, Whittaker, Buchan, Hunter, MacHale, Robson, Scott, and Sutherland are collectively referred to hereinafter as the “Individual Defendants.”

The Underwriters

23. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) is a subsidiary of Merrill Lynch & Co., a Delaware corporation that is headquartered at 4 World Financial Center, New York, New York 10080. Merrill Lynch was an underwriter of both Offerings.

24. Defendant Greenwich Capital Markets, Inc. (“Greenwich”) is a wholly owned subsidiary of Greenwich Capital Holdings, Inc. The Royal Bank of Scotland Group plc is the ultimate parent company of Greenwich Capital Holdings, Inc. Greenwich is a US company and has its principal place of business at 600 Steamboat Road, Greenwich, CT 06830. Greenwich was an underwriter of both Offerings.

25. Defendant Morgan Stanley & Co. Incorporated (“Morgan Stanley”) is a subsidiary of Morgan Stanley, a Delaware corporation that is headquartered at 1585 Broadway, New York, New York 10036. Morgan Stanley was an underwriter of both Offerings.

26. Defendant UBS Securities LLC (“UBS”) is a subsidiary of UBS AG, a Swiss corporation headquartered at Bahnhofstrasse 45, Zurich, Switzerland, and Aeschenvorstadt 1, Basel, Switzerland. UBS was an underwriter of both Offerings.

27. Defendant Wachovia Capital Markets, LLC. (“Wachovia”) is a subsidiary of Wachovia Corporation, a North Carolina corporation that is headquartered at One Wachovia Center, Charlotte, North Carolina 28288. Wachovia was an underwriter of both Offerings.

28. Defendant Citigroup Global Markets, Inc. (“Citigroup”) is headquartered at 388 Greenwich Street, New York, NY 10013. Citigroup was an underwriter of the Series Q Offering. Plaintiff purchased his Series Q Stock directly from Smith Barney, a sibling of Citigroup.

29. Defendant Banc of America Securities LLC (“BofA”) is a subsidiary of Bank of America Corporation, a Delaware corporation that is headquartered at 100 North Tryon Street, Charlotte, North Carolina 28255. BofA was an underwriter of the Series T Offering.

30. Defendant RBC Damn Rauscher Inc. (“RBC”) is a Minnesota corporation that is headquartered at 60 S Sixth St., Minneapolis, MN 55402. RBC was an underwriter of the Series T Offering.

31. Defendants Merrill Lynch, Greenwich, Morgan Stanley, UBS, Wachovia,

Citigroup, BofA and RBC are collectively referred to hereinafter as the “Underwriter Defendants.”

32. Each of the Individual Defendants and each of the Underwriter Defendants participated in the drafting, preparation, or approval of various false and misleading statements contained in the Registration Statement, Prospectuses, and/or documents incorporated therein in connection with the Offerings, as complained of herein. Each of the Defendants was responsible for ensuring the truth and accuracy of the statements contained in these documents.

33. Each of the Defendants, owed to the purchasers, including Plaintiff and the Class, the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement, Prospectuses, and/or documents incorporated therein at the time of the Offerings. This duty included performing an appropriate investigation to ensure that the statements contained therein were true, and that there were no omissions of material fact required to be stated in order to make the statements contained therein not misleading. As herein alleged, each of the Defendants violated these specific duties and obligations. As a result of these violations, the market price of Preferred Stock was artificially inflated, causing injury to Plaintiff and the Class due to the price drop when the truth was finally revealed.

FACTUAL ALLEGATIONS

Misstatements

34. On April 8, 2005, the Company filed the Registration Statement on Form F-3 with the SEC, indicating its intent to offer to the public the Company’s preferred securities. The Registration Statement was signed by Defendants Goodwin, Pell,

Buchan, Hunter, MacHale, Robson, Scott, and Sutherland.

35. The Registration Statement incorporated subsequently filed prospectuses filed in connection with the Registration Statement, stating that “[f]or the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.” The Registration Statement also noted that any subsequent prospectus would reflect “any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.”

36. The Registration Statement also incorporated by reference RBS’s Form 20-F for the fiscal year ended December 31, 2004, filed on March 29, 2005 (the “2004 20-F”). The 2004 20-F was signed by Defendant Goodwin.

37. On or about May 16, 2006, in accordance with the terms of the Registration Statement, the Company filed the Series Q Prospectus. The Series Q Prospectus stated RBS intended to sell 27 million shares of Series Q Stock at \$25 per share, for a total value of \$675 million. The Series Q Prospectus incorporated by reference RBS’s Form 20-F for the fiscal year ended December 31, 2005, filed April 26, 2006 (the “2005 20-F”). The 2005 20-F was signed by Defendants Goodwin and Whittaker. Series Q Stock is traded on the New York Stock Exchange.

38. On or about September 18, 2007, in accordance with the terms of the Registration Statement, the Company filed the Series T Prospectus. The Series T

Prospectus stated RBS intended to sell 58 million shares of Series T Stock at \$25 per share, for a total value of \$1.45 billion. The Series T Prospectus incorporated by reference RBS's Form 20-F for the fiscal year ended December 31, 2006, filed April 24, 2007 (the "2006 20-F"). The 2006 20-F was signed by Defendants Goodwin and Whittaker. The Series T Prospectus also incorporated by reference RBS's Form 6-K containing interim financial results for the six months ended June 30, 2007, filed on August 15, 2007, which was signed by Defendant Whittaker. Series T Stock is traded on the New York Stock Exchange.

39. The Prospectuses direct investors to the Company's previously issued statements as an indication of the Company's health; moreover, they set forth three to eight pages of "risk factors" associated with investing in each Preferred Stock. However, nowhere did Registration Statement, the Prospectuses, or any documents incorporated by reference therein disclose that: 1) the true value of RBS's exposure to the sub-prime mortgage market was understated, in violation of Generally Accepted Accounting Principles ("GAAP"); 2) RBS's risk control systems did not function properly, as evidenced by the above GAAP violations; 3) as a result of such sub-prime exposure, RBS could be forced to take write-downs; 4) such write-downs could substantially decrease RBS's capital levels; and 5) these factors could have ramifications so severe that RBS would be forced to obtain additional capital through a bailout by the British government.

40. The Series T Prospectus also discussed its upcoming merger with Dutch Bank ABN Amro, which was eventually consummated on October 10, 2007, mere weeks after the Series T Offering. The Series T Prospectus failed to mention the

significant exposure that RBS would obtain by assuming ABN Amro's exposure to the sub-prime credit markets.

The Truth Regarding RBS's Sub-prime Mortgage Exposure Is Revealed

41. In April 2008, the truth about RBS's deteriorating financial condition was partially revealed. On April 22, 2008, RBS filed a Form 6-K with the SEC revealing that it would be forced to take write-downs of approximately £5.9 billion due to its extensive exposure to CDOs and other asset backed securities. RBS also announced that it was forced to launch a record £12 billion rights offering in order to rebuild the Company's deteriorating balance sheet.

42. In that Form 6-K, RBS announced that of the Company's CDO exposure totaling £5.9 billion, 30% of the exposure originated in 2007, 46% originated in 2006, and 30% originated in 2005 or earlier. Accordingly, a significant part of this exposure originated on or before the date of Offerings.

43. On October 13, 2008, the British government announced that it would infuse a £20 billion investment into RBS, which would give the British Government a 58% stake in RBS. Soon after, Defendant Goodwin resigned from RBS.

44. As a result, as the truth about this exposure was revealed, the price of Preferred Stock plummeted. While both securities were offered at \$25, at the close of the market on January 23, 2008, Series Q Stock closed at only \$3.00, and Series T Stock closed at \$3.80. Such losses are directly connected to the materialization of the risks above.

45. As detailed above, a significant percentage of the Company's investment in CDOs was based on sub-prime mortgaged backed securities. As a result

of the global financial crisis caused by such securities, the Company was forced to write down the value of these assets. In turn, these write-downs necessitated that RBS raise additional capital.

46. At the time of the issuance of the Registration Statement, Prospectuses, and/or the documents incorporated by reference therein, such documents contained materially false and misleading statements because they failed to make mention of:

(a) the Company's over-investment in asset backed securities, including CDOs, and their exposure to the sub-prime mortgage market;

(b) the fact that RBS's financial statements, put forth in the Forms 20-F for the years 2004, 2005, and 2006, were materially false and misleading because they failed to provide the true value of such exposures, in violation of GAAP;

(c) the fact that RBS's risk control systems did not function properly, as evidenced by the above GAAP violations;

(d) the fact that the exposure could ultimately require significant write-downs;

(e) the risk that the write-downs could have a profoundly negative impact on RBS's available capital, requiring RBS to obtain additional outside financing; and

(f) the risk that RBS's need for additional financing as a result of the materialization of the above risks could be so great that it would require RBS to be bailed out by the British government.

47. Furthermore, the Series T Prospectus, and the documents incorporated by reference therein, contained materially false and misleading statements in that they

failed to disclose the risks created as a result of the merger between RBS and ABN Amro, due to ABN Amro's exposure to the sub-prime credit markets.

48. Under Section 11, directors, officers, and underwriters, among others, are liable in negligence for failure to craft a prospectus which fully and accurately informs investors of all material facts and industry trends affecting the issuer company. The issuer itself is held strictly liable for any material misrepresentations or omissions from the prospectus. A key policy underlying Section 11 liability is to enable prospective investors, like Plaintiff and the Class, to make informed investment decisions based on the disclosure of adequate and truthful information regarding the issuer, its associated persons, and the offering. This policy is frustrated when a prospectus contains materially false and misleading statements.

CLASS ACTION ALLEGATIONS

49. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons who 1) purchased or otherwise acquired Series Q Stock pursuant to the Series Q Offering, and/or 2) purchased or otherwise acquired Series T Stock pursuant to the Series T Offering, and who were damaged thereby, seeking to pursue remedies under the Securities Act. Excluded from the Class are Defendants, the officers and directors of any Defendant at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which any Defendant has or had a controlling interest.

50. The Class members are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this

time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least thousands of members in the proposed Class. Record owners and other Class members may be identified from records maintained by RBS or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

51. Plaintiff's claims are typical of the claims of the other Class members as all Class members are similarly affected by Defendants' illegal conduct that is complained of herein.

52. Plaintiff will fairly and adequately protect the interests of the Class members and has retained counsel competent and experienced in class and securities litigation.

53. Common questions of law and fact exist as to all Class members and predominate over any questions solely affecting individual Class members. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether the Registration Statement, Prospectuses, or documents incorporated by reference therein contained material misrepresentations or omissions of material fact; and

(c) whether Defendants' acts caused damages to Plaintiff and other Class members, and the proper measure of such damages.

54. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable.

Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for Class members to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

COUNT I

(Against RBS and the Individual Defendants for Violations of § 11 of the Securities Act)

55. Plaintiff hereby incorporates the substantive allegations in paragraphs 1-54, as if fully set forth herein. Plaintiff excludes any allegation that could be construed in fraud, and bases this claim solely on the strict liability/negligence standards of the Securities Act.

56. The Individual Defendants were directors or officers of RBS during issuance of the Registration Statement, Prospectuses, and/or documents incorporated by reference therein.

57. The Registration Statement, the Prospectuses, and the documents incorporated by reference therein contained materially untrue statements and omitted to state material facts necessary to make the statements made therein not misleading.

58. The Individual Defendants did not make a reasonable investigation and did not possess reasonable grounds for believing that the statements made in the prospectuses were true, did not omit any material fact, and were not materially misleading.

59. Plaintiff and other Class members purchased Preferred Stock, issued in, or traceable to, the Registration Statement.

60. Plaintiff did not know, and in the exercise of reasonable diligence, could not have known of the misstatements and omissions of the Registration Statement, the

Prospectuses, and/or the documents incorporated by reference therein.

61. Plaintiff and other class members have sustained damages as a result of the misstatements and omissions in the Registration Statement, the Prospectuses, and the documents incorporated by reference therein, for which they are entitled to compensation.

62. Plaintiff brought this action within one year after the discovery of the untrue statements and omissions, and within three years after the securities in question were bona fide offered to the public.

COUNT II

(Against the Underwriter Defendants for Violations of § 11 of the Securities Act)

63. Plaintiff hereby incorporates the substantive allegations in paragraphs 1-54, as if fully set forth herein. Plaintiff excludes any allegation that could be construed in fraud, and bases this claim solely on the strict liability/negligence standards of the Securities Act.

64. Each of the Underwriter Defendants served as an underwriter for one or both of the Offerings, and qualifies as such according to the definition contained in Section 2(a)(11) of the Securities Act, 15 U.S.C. § 77b(a)(11). As such, they participated in the solicitation, offering, and sale of the Preferred Stock to the investing public pursuant to the Registration Statement.

65. Due to their role as underwriters of the Offerings, the Underwriter Defendants were responsible for the content and dissemination of information included in the sale of these securities, including information in the Registration Statement, the Prospectuses, and/or the documents incorporated by reference therein. As such, they are

liable under Section 11 of the Securities Act for any material misrepresentations or omissions contained therein. As alleged in detail herein, the Underwriter Defendants did not make a reasonable investigation and did not possess reasonable grounds for believing that the statements contained in the Registration Statement, the Prospectuses, and/or the documents incorporated by reference therein were true, did not omit any material fact, and were not materially misleading.

66. Plaintiff did not know, and in the exercise of reasonable diligence, could not have known of the misstatements and omissions described herein.

67. Plaintiff and other class members have sustained damages as a result of the misstatements and omissions in the Registration Statement, the Prospectuses, and/or the documents incorporated by reference therein, for which they are entitled to compensation.

68. Plaintiff brought this action within one year after the discovery of the untrue statements and omissions, and within three years after the securities in question were bona fide offered to the public.

69. None of the misrepresentations or omissions alleged here were forward looking statements, but, rather, concerned existing facts. Moreover, defendants did not properly identify any of these statements as forward-looking statements and did not disclose information, known to them, that undermined the validity of those statements.

COUNT III

(Against RBS, the Individual Defendants, and Citigroup for Violations of § 12(a)(2) of the Securities Act)

70. Plaintiff hereby incorporates the substantive allegations in paragraphs 1-54, as if fully set forth herein. Plaintiff excludes any allegation that could be construed in

fraud, and bases this claim solely on the strict liability/negligence standards of the Securities Act.

71. This Count is brought on behalf of Plaintiff and all other Class members who purchased Series Q Stock from Smith Barney, a wholly owned subsidiary of Citigroup Inc. and sibling of Citigroup, pursuant or traceable to the series Q Offering.

72. Plaintiff and the other Class members did not know, or in the exercise of reasonable diligence could not have known, of the untruths and omissions contained in the Registration Statement, the Series Q Prospectus, and the documents incorporated by reference therein.

73. RBS, the Individual Defendants, and Citigroup were sellers, offerors, and/or solicitors of sales of the securities offered pursuant to the Series Q Prospectus.

74. Citigroup, through its sibling Smith Barney, is a seller within the meaning of the Securities Act because it: (a) transferred title to Plaintiff and other purchasers of Series Q Stock; (b) transferred title to Series Q Stock to other underwriters and/or broker dealers that sold the securities as agents for Citigroup; and (c) solicited the purchase of the securities by Plaintiff and other purchasers of Series Q Stock.

75. The Series Q Prospectus contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and failed to disclose material facts. The Individual Defendants' actions of solicitation included signing the materially false and misleading Registration Statement, and documents incorporated by reference to the Series Q Prospectus, and offering and participating in the preparation of these materially false and misleading documents.

76. RBS, the Individual Defendants, and Citigroup owed to Plaintiff and the

other Class members the duty to make a reasonable and diligent investigation of the statements contained in Registration Statement, the Series Q Prospectus, and documents incorporated by reference therein to insure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading.

77. RBS, the Individual Defendants, and Citigroup knew of, or in the exercise of reasonable care should have known of, the misstatements and omissions contained in the Registration Statement, the Series Q Prospectus, and documents incorporated by reference therein, as set forth above.

78. Plaintiff and the other members of the Class offer to tender those securities they continue to own in return for the consideration paid for those securities together with interest thereon.

79. By reason of the conduct alleged herein, RBS, the Individual Defendants, and Citigroup violated, and/or controlled a person who violated, § 12(a)(2) of the Securities Act. Accordingly, Plaintiff and the other Class members who hold Series Q Stock purchased or acquired pursuant or traceable to the Series Q Offering have the right to rescind and recover the consideration paid for Series Q Stock and hereby elect to rescind and tender those securities to the Defendants sued herein. Class members who have sold Series Q Stock are entitled to rescissory damages.

80. Less than three years elapsed from the time that the securities upon which this Count is brought were sold to the public to the time of the filing of this action.

COUNT IV

(Against the Defendants Goodwin and Whittaker for Violations of § 15 of the Securities Act)

81. Plaintiff hereby incorporates the substantive allegations in paragraphs 1-54, as if fully set forth herein. Plaintiff excludes any allegation that could be construed in fraud, and bases this claim solely on the strict liability/negligence standards of the Securities Act.

82. Defendants Goodwin and Whittaker were control persons of RBS by virtue of their positions as senior officers of RBS, within the meaning of § 15 of the Securities Act.

83. Defendants Goodwin and Whittaker were culpable participants in the violations of Section 11 and 12(a)(2) of the Securities act alleged in Counts I and III above, based on having signed the Registration Statement, Prospectuses, and/or documents incorporated by reference therein, and having otherwise participated in the process which allowed the Offerings to be successfully completed.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of himself and the Class, prays for judgment as follows:

(a) declaring this action to be a Class action properly maintained pursuant to the Federal Rules of Civil Procedure, certifying the Class, and certifying their counsel as Class Counsel;

(b) awarding Plaintiff and other Class members damages against Defendants, jointly and severally, together with interest thereon;

(c) awarding Plaintiff and other Class members their costs and

PLAINTIFF'S CERTIFICATION

I, Gary Kosseff, do hereby certify that:

1. I have reviewed a draft of the complaint and have authorized its filing.

2. I purchased securities of **Royal Bank of Scotland Group PLC**, which are the subject of the complaint, *but not* at the direction of my counsel or in order to participate in any private action arising under the Securities Act of 1933 or Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995.

3. I am willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.

4. During the three year period prior to the date of this certification, I have sought to serve or served as a representative party on behalf of a class in an action brought under the federal securities laws in the following actions:

Gary Kosseff v. MBLA, Inc., 08-cv-2362 (SDNY)

In Re Merrill Lynch & Co., Inc. Securities, Derivative and ERISA Litigation, 07cv9633 (SDNY)

5. I have engaged in the following transactions in Royal Bank of Scotland Group PLC securities (please include supporting documentation, i.e. confirmation slips, account statements, etc.):

TRANSACTION INFORMATION

<u>BUY OR SELL</u>	<u>TRADE DATE</u>	<u>NO. OF SECURITIES</u>	<u>PRICE PER SECURITY</u>
RBS PRM (buy) 6.4% PFD	08/18/2004	100	\$25.00
RBS PRM (buy) 6.4% SER M	08/18/2004	200	\$25.00
RBS PRN (buy) 6.35% SER N	05/12/2005	400	\$25.00
RBS PRQ (buy) 6.75% SER Q	05/18/2006	200	\$25.00
RBS PRM (buy) 6.4% PFD	08/15/2006	100	\$25.16
RBS PRN (buy) ADR Series N	08/25/2006	100	\$25.13
RBS PRT (buy) 7.25% SER T	09/25/2007	200	\$25.17

6. I will not accept any payment for serving as a representative party on behalf of the Class beyond my *pro rata* share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class and my activities in the lawsuit, as ordered or approved by the Court.

7. Nothing herein shall be construed to be or constitute a waiver of my attorney-client privilege.

8. I certify under penalty of perjury that the foregoing is true and correct.

Executed on 1/29/2009.

Completed by (Print Name): GARY KOSSEFF

Signature:

Gary Kosseff