

CONFIDENTIAL

From: [Charles S Fleet](#)
To: [Pat Robinson](#)
Cc: [Beverly Smith](#); [David H Evans](#); [Michael Campbell](#); [Robert E Cook](#); [Shawn McNulty](#)
Subject: Re: Citigroup litigation reports
Date: 04/15/2003 02:52 PM

Neither the Citi/EAB Order nor our memo define "major litigation." I don't have the quarterly reports, so I can't see the precedent set by Citi in the first few reports (i.e., have they always reported on exposure greater \$5 million or are they changing midstream?). I do have a few e-mails from about the time they first submitted reports, but the issues there seemed to whether or not the reports should provide cumulative activity and to whom they should be directed at the RB and/or Board. Don't see anything about what constitutes "major litigation."

▼ [Pat Robinson](#)

**Pat
Robinson**

04/15/2003
02:13 PM

To: Michael Campbell/NY/FRS@NY, Beverly Smith/BOARD/FRS@Board
cc: David H Evans/BOARD/FRS@Board, Robert E Cook/BOARD/FRS@Board, Shawn McNulty/BOARD/FRS@Board, Charles S Fleet/BOARD/FRS@BOARD

Subject: Re: Citigroup litigation reports 

According to the latest litigation report (p. 1), Citi is defining "major litigation" as litigation involving CitiFinancial's lending activities that makes claims for which the potential exposure could exceed \$5 million, based upon plaintiff's prayer for relief or management's assessment. I thought, however, that we had defined the threshold (in connection with the EAB case) as \$1 million. I will need to go back and review my EAB materials, including memos to the Board. Do any of you recall or have records on the appropriate threshold amount? In any event, we should review the "major litigation" definition and decide what's appropriate (to the extent it does not contradict representations to or from the Board) and communicate that to Carl Howard.

▼ [Michael Campbell@NY](#)

**Michael
Campbell@NY**

04/15/2003
01:21 PM

To: Robert E Cook/BOARD/FRS@BOARD
cc: Beverly Smith/BOARD/FRS@board, David H Evans/BOARD/FRS@board, Pat Robinson/BOARD/FRS@BOARD, Shawn McNulty/BOARD/FRS@BOARD

Subject: Re: Citigroup litigation reports 

Michael Campbell
Counsel - Legal Dept.
212-720-5038

I agree with Pat and Bob. As Pat suggests, it might not be practical (or necessary for our purposes) to have more detail on all cases against Citifinancial and other subprime affiliates going forward. If we only want more detail on "new major litigation cases" we are going to have to agree with Citi on how to define this. We may want to speak with

Carl on what Citi regards as major as a starting point. I can call Carl to find out if we should be speaking with him or someone else on this. Any other ideas?
Michael.Campbell@ny.frb.org

▼ Robert E Cook@BOARD

**Robert E
Cook@BOARD**

04/14/2003
03:24 PM

To: Pat Robinson/BOARD/FRS@BOARD
cc: Beverly Smith/BOARD/FRS@board, David H
Evans/BOARD/FRS@board, Michael Campbell/NY/FRS@NY,
Shawn McNulty/BOARD/FRS@BOARD
Subject: Re: Citigroup litigation reports 

I concur with Pat's approach and particularly encourage requesting some greater detail, along the lines of what Mike has suggested, regarding litigation against CitiFinancial directly. (Based on the examination results and apparent differences in "culture," there probably is not a strong case to be made for obtaining extensive data about CitiFinancial Mortgage.)

▼ Pat Robinson

**Pat
Robinson**

04/14/2003
03:06 PM

To: David H Evans/BOARD/FRS@BOARD
cc: Beverly Smith/BOARD/FRS@Board, Michael
Campbell/NY/FRS@NY, Robert E Cook/BOARD/FRS@Board
Subject: Re: Citigroup litigation reports 

All but one or two of the cases in the current litigation report involve Associates and/or the entities Associates controlled prior to the date Citigroup acquired Associates et. al, so requesting more detailed info. on the the majority of cases may not yield particularly useful info. It appears that the allegations in the Brown v. Primerica Life case and potentially the Revell v. Citigroup case (although Citi. labels this as an "FTC Copycat" case) may be based on the activities of CitiFinancial or Primerica rather than those of Associates or its acquirees. We previously advised Citi that we might request more detailed info. on particular cases. I would rather subsequently request more info. on these cases (and/or other particular cases that staff wants more info. on) than require more detailed info. on all the cases in the current report, resulting in a report that is more difficult or time consuming to review without necessarily providing useful information for current supervisory purposes. In addition, we could ask Citi to start providing a more detailed description of the allegations on any new major litigation cases filed against CitiFinancial or its affiliates in connection with their subprime lending activities--such cases presumably would involve the subprime lending activities of CitiFinancial or its affiliates after the acquisition of Associates.

▼ David H Evans

**David H
Evans**

To: Beverly Smith/BOARD/FRS@BOARD, Pat
Robinson/BOARD/FRS@BOARD, Robert E Cook/BOARD/FRS@BOARD
cc: Michael Campbell/NY/FRS@NY

Subject: Citigroup litigation reports

04/14/2003
02:20 PM

Mike Campbell just called and expressed some concerns about the depth of Citigroup's litigation reports. He thinks that the reports should have more detailed descriptions of the violations/allegations discussed. Mike said the additional detail would possibly help the examiners identify any possible patterns or problems to investigate.

He called to open the discussion on this and to ask what approach we could take to make these reports more useful. He's open to the idea of having a conference call, but suggested that I send out an e-mail first. Please reply or contact Mike if you have any thoughts on this.