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10-1-2003

FRB Email from Katie S Cox to Beverly Smith Re New Filing Citigroup Inc Citi Financial Mortgage

Katie S. Cox

Betsy Cross

Robin Whidbee

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CONFIDENTIAL

From: [Katie S Cox](#)
To: [Beverly Smith](#)
Cc: [Betsy Cross](#); [Melissa Clark](#); [Renae Brinkley](#); [Doris Woodard](#); [Walt H Miles](#); [Carol Zaglio](#)
Subject: New Filing - Citigroup Inc./Citi Financial Mortgage - AMPS - 54982
Date: 10/15/2003 12:39 PM
Attachments: [Notify.doc](#)

Please see the message below. I will bring up to you today a copy of the section 23A exemption request. The NY Fed forwarded 4 copies of the attachments to the exemption request, but the copies have not arrived here yet. We'll get that to you also. This week the NY Fed will be sending letters to the OTS and FDIC requesting their comments on the proposal.

As you can see, this involves the contribution of Citifinancial Mortgage Company (\$7.5 billion) to Citicorp Trust Bank, FSB, Newark, DE (\$15.3 billion assets, capital \$1.2 billion), as well as the purchase of \$400 million of loan participations from Citicorp Home Equity, Inc. (I don't know anything about this company yet). Numbers-wise, this is a very large exemption request. We think that it would be a good idea for DCCA to be involved in this proposal given that Citi may be doing this to avoid usury rates and the prior compliance issues at Citifinancial Credit, a sister company. Also, according to the exemption request letter, approximately two-thirds of Citifinancial Mortgage's loans are subprime.

If you could let me know who will be assigned to this, that would be great. I understand that you all may have some copies of exams for Citifinancial Mortgage and I'd like to make copies. I'm also trying to find exams for Citicorp Home Equity. Also, this proposal is in AMPS and the analyst you assign can be entered into AMPS (this may be a little tricky - so call me if there are problems with AMPS).

We will probably need to develop an ai letter for this proposal, but until I receive the attachments, the letter will have to wait. I understand that Citi would like to close this deal in mid December, but we do not have specific time frames in which to act on Section 23A exemptions (AMPS will initially have a 60 day time-frame - ignore that). Also, it will be very important to find-out what the FDIC and OTS think of this transaction.

Doris and Renae - please enter my name into AMPS (it's under Zaglio placeholder) as the analyst with Melissa as the reviewer.

----- Forwarded by Katie S Cox/BOARD/FRS on 10/15/03 11:31 AM -----

Betsy Cross	To: Melissa Clark/BOARD/FRS@BOARD, Katie S Cox/BOARD/FRS@BOARD
Sent by:	cc:
Betsy Cross	Subject: New Filing - Citigroup Inc./Citi Financial Mortgage - AMPS - 54982

10/09/03
04:27
PM

----- Forwarded by Betsy Cross/BOARD/FRS on 10/09/2003 04:23 PM -----

**Robin
Whidbee@NY**

10/09/2003
04:08 PM

To: Bob Gasperini/NY/FRS@FRS, Diane Virzera/NY/FRS@FRS, HaeRan Kim/NY/FRS@FRS, Ivan Hurwitz/NY/FRS@FRS, Michael Campbell/NY/FRS@FRS, Michael Schussler/NY/FRS@NY, Robin Whidbee/NY/FRS@NY, Ruth Caetano/NY/FRS@NY, Philip Bae/NY/FRS@NY, Frank Alerte/NY/FRS@FRS, Ali Aslam/NY/FRS@NY, Natasha Ratenberg/NY/FRS@NY, Joshua Sherwin/NY/FRS@NY, Joanna Chiu/NY/FRS@NY, Kara Sulmasy/NY/FRS@NY, Carol Zaglio/NY/FRS@NY, Joseph Bell/NY/FRS@NY, Gail Santora/NY/FRS@NY, Anne MacEwen/NY/FRS@NY, Jay Bernstein/NY/FRS@NY, Lily Tham/NY/FRS@NY, Joseph Sommer/NY/FRS@NY, Richard Charlton/NY/FRS@FRS, Ginny Niebling/NY/FRS@NY, Enrichetta Scotto/NY/FRS@NY, Debbie Epright/NY/FRS@NY, Emily Donegan/NY/FRS@NY, Jennifer Wolgemuth/NY/FRS@FRS, Cesar Villatoro/NY/FRS@NY, Frank Coles/NY/FRS@NY, Michael Nelson/NY/FRS@FRS, Joseph Sommer/NY/FRS@NY, Joyce Hansen/NY/FRS@FRS, Robert Toomey/NY/FRS@FRS, Shehriyar Antia/NY/FRS@NY
cc: Homer Hill/NY/FRS@NY, Pam Nardolilli/BOARD/FRS@BOARD, Betsy Cross/BOARD/FRS@BOARD
Subject: New Filing - Citigroup Inc./Citi Financial Mortgage - AMPS - 54982

On 10/8/03, we received an exemption request, under Section 23A(f)(2) of the Federal Reserve Act, by Citigroup Inc., New York, New York, to (1) transfer assets (approximately \$7.5 billion) and related liabilities of CitiFinancial Mortgage Company, Inc. (CFMC) to Citicorp Trust Bank, fsb, Newark, Delaware (CTB); (2) for CTB's parent, CitiFinancial Credit Company to contribute approximately \$260 million of CFMC's stock to CTB; and (3) for CTB to repurchase high LTV loan participations (\$400 million) from its nonbank affiliate, Citicorp Home Equity, Inc. without providing an additional contribution for any of these loans that become low quality.



Notify.doc

Michael Campbell & HaeRan Kim (Legal) - Copies will be hand delivered today. Please provide comments to Carol Zaglio by 10/23/03.

Homer Hill (Exams) - A copy will be hand delivered today.

Betsy Cross (BS&R) and Pam Nardolilli (Bd Legal) - FYI - Original was sent directly to J. Virgil Mattingly, Esq (Board).

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