

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:

Citibank, N.A.
Sioux Falls, South Dakota

AA-EC-2019-8

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over Citibank, N.A., Sioux Falls, South Dakota (“Bank”);

WHEREAS, the OCC intends to initiate civil money penalty proceedings against the Bank pursuant to 12 U.S.C. § 1818(i), through the issuance of a Notice of Assessment of a Civil Money Penalty, for violations of law, rule, or regulation, including those relating to the Fair Housing Act, 42 U.S.C. § 3601—19, and its implementing regulation, 24 C.F.R. Part 100;

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board of Directors (“Board”), consents to the issuance of this Consent Order (“Order”), by the OCC through the duly authorized representative of the Comptroller of the Currency (“Comptroller”); and

NOW, THEREFORE, pursuant to the authority vested in the OCC by Section 8(i) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(i), the OCC hereby orders that:

ARTICLE I

JURISDICTION

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this civil money penalty action against the Bank pursuant to 12 U.S.C. § 1818(i).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) In August 2011, the Bank piloted a Relationship Loan Pricing (“RLP”) program and in February 2012, more widely implemented it across its customer base. Under the RLP program, customers who (i) had a qualifying banking relationship with Citibank at the time of the mortgage loan origination, and (ii) applied for RLP eligible mortgages could receive either a credit to closing costs or an interest rate reduction.

(2) The Bank failed to ensure effective risk management and internal controls, including inadequate periodic reviews, over the RLP program, including:

(a) From August 2011 to April 2015, the Bank failed to provide adequate training to loan officers regarding how to offer RLP to Bank customers.

(b) From August 2011 to November 2014, the Bank’s written guidelines did not explicitly instruct loan officers to offer RLP to all eligible customers and the Bank did not require its loan officers to document the basis for the customer’s rejection.

(c) From August 2011 to January 2015, the Bank did not require its loan officers to inform customers of all discount programs for which they may

have been eligible.

(3) As a result of the ineffective risk management and control weaknesses, certain Bank borrowers did not receive the RLP benefit for which they were eligible and were adversely affected on the basis of their race, color, national origin, and/or sex.

(4) After finding in 2014 that certain Bank customers had not received the correct RLP benefit, the Bank, in 2015, self-reported its findings to the OCC.

(5) In 2018, the OCC notified the Bank that the conduct described in paragraphs (2) and (3) of this Article constituted violations of the Fair Housing Act, 42 U.S.C. § 3601—19, and its implementing regulation, 24 C.F.R. Part 100.

(6) Citibank has initiated and largely completed a plan to reimburse all customers who did not receive the appropriate RLP benefit, including those customers affected by these violations, and is taking appropriate remedial actions to fully address and correct the violations of law. Citibank will provide reimbursement to approximately 24,000 customers in the amount of approximately \$24 million as a result of the Bank's failures and control weaknesses.

ARTICLE III

ORDER FOR A CIVIL MONEY PENALTY

(1) The Bank shall make payment of a civil money penalty in the total amount of twenty-five million (\$25,000,000), which shall be paid upon the execution of this Order.

(2) Such payment shall be made by a wire transfer sent in accordance with instructions provided by the OCC and the docket number of this case (AA-EC-2019-8) shall be entered on the wire confirmation. A photocopy of the wire confirmation shall be sent immediately, by overnight delivery, to the Director of Enforcement and Compliance, Office of the Comptroller of the Currency, 400 7th Street, S.W., Washington, D.C. 20219.

ARTICLE IV

WAIVERS

- (1) The Bank, by executing and consenting to this Order, waives:
 - (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818;
 - (b) any and all procedural rights available in connection with the issuance of this Order;
 - (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 19;
 - (d) any and all rights to seek any type of administrative or judicial review of this Order;
 - (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;
 - (f) any and all rights to assert this proceeding, the consent to and/or the issuance of this Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity; and
 - (g) any and all rights to challenge or contest the validity of this Order.

ARTICLE V

CLOSING

(1) This Order is a settlement of the civil money penalty proceeding against the Bank contemplated by the OCC, based on the violations of law described in the Comptroller's Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a civil money penalty order that has been or might have been asserted by the OCC based on the violations described in Article II of this Order, to the extent known to the OCC as of the effective date of this Order. Nothing in this Order, however, shall prevent the OCC from:

- (a) instituting enforcement actions other than a civil money penalty order against the Bank based on the Comptroller's Findings set forth in Article II of this Order;
- (b) instituting enforcement actions against the Bank based on any other findings;
- (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings; or
- (d) utilizing the Comptroller's Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(2) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought

by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) This Order is:

(a) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);

(b) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and

(c) a “final order” within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(4) This Order is effective upon its issuance by the OCC, through the Comptroller’s duly authorized representative.

(5) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

(6) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of this Order.

(7) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

