



YPFS Resource Library

---

6-20-2001

**FRBNY Email From Katie S Cox to Nardolili Robinson Wiederhom  
Waldron Smith Fleet and Mikes Re Citi Banamex AI compliance  
questions**

Katie S. Cox

Lily Tham

<https://elischolar.library.yale.edu/ypfs-documents/5613>

---

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact [ypfs@yale.edu](mailto:ypfs@yale.edu).

CONFIDENTIAL

**From:** [Katie S Cox](mailto:Katie.S.Cox@frbog.frb.gov)  
**To:** [Pam Nardolilli](mailto:Pam.Nardolilli@frbog.frb.gov); [Pat Robinson](mailto:Pat.Robinson@frbog.frb.gov); [Andrew Wiederhorn](mailto:Andrew.Wiederhorn@frbog.frb.gov); [Michael W Waldron](mailto:Michael.W.Waldron@frbog.frb.gov); [Beverly Smith](mailto:Beverly.Smith@frbog.frb.gov); [Charles S Fleet](mailto:Charles.S.Fleet@frbog.frb.gov); [Walt H Miles](mailto:Walt.H.Miles@frbog.frb.gov)  
**Subject:** Fwd: Citi/Banamex - AI compliance questions  
**Date:** 06/20/2001 08:12 AM

---

**Part II of II of the New York Reserve Bank's questions.**

----- Forwarded by Katie S Cox/BSR/FRBOG/US on 06/20/01 08:11 AM -----

**"Lily Tham"**  
**<Lily.Tham@ny.frb.org>**

06/18/01 02:18 PM

To: [Katie.S.Cox@frbog.frb.gov](mailto:Katie.S.Cox@frbog.frb.gov),  
[Melissa.Clark@frbog.frb.gov](mailto:Melissa.Clark@frbog.frb.gov)  
cc: [Joanna.DePlas@ny.frb.org](mailto:Joanna.DePlas@ny.frb.org),  
[Maryann\\_CAMPBELL\\_NY@ny.frb.org](mailto:Maryann_CAMPBELL_NY@ny.frb.org),  
[Michael\\_Campbell\\_NY@ny.frb.org](mailto:Michael_Campbell_NY@ny.frb.org),  
[Mony.Liquard@ny.frb.org](mailto:Mony.Liquard@ny.frb.org)  
Subject: Fwd: Citi/Banamex - AI compliance questions

Attached are questions drafted by Maryann Campbell (FRBNY Legal & Compliance dept) on the Citi/Banacci applications, to be included in the a.i. letter,

Thanks!

Content-Transfer-Encoding: quoted-printable  
Received: from blpmal04.ny.frb.org ([172.17.230.26]) by  
ms15.dp.ny.frb.org; Mon, 18 Jun 2001 14:07:21 -0400  
Subject: Citi/Banamex AI questions  
To: [Lily.Tham@ny.frb.org](mailto:Lily.Tham@ny.frb.org)  
Cc: [Carol.Zaglio@ny.frb.org](mailto:Carol.Zaglio@ny.frb.org), [Joanna.DePlas@ny.frb.org](mailto:Joanna.DePlas@ny.frb.org)  
X-Mailer: Lotus Notes Release 5.0.6 December 14, 2000  
Message-ID: <OF61DF73E5.03C2ED70-ON85256A6F.005EA2B9@ny.frb.org>  
From: [Maryann.CAMPBELL@ny.frb.org](mailto:Maryann.CAMPBELL@ny.frb.org)  
Date: Mon, 18 Jun 2001 14:05:00 -0400  
X-MIMETrack: Serialize by Router on B1PMAL04/NY/FRS (Release 5.0.6 | December 14, 2000) at 06/18/2001 02:05:02 PM  
Mime-Version: 1.0  
Content-Type: text/plain; charset=US-ASCII  
Content-Disposition: inline

Here are some questions I have for submission to the Board relating to CRA/Compliance issues for Citi/Banamex

1. On page 9 of the Application, a general description of the businesses of California Commerce Bank (CCB) appears. In mortgage lending, CCB purchases mortgage loans within its assessment area, primarily owner occupied mortgage loans in low- and moderate-income census tracts. CCB also provides mortgage warehousing lines of credit to mortgage bankers who extend funds primarily for FHA and VA loans in its assessment area. Does CCB provide warehouse lines of credit to any subprime loan originators, and if so, what type of due diligence is performed to ensure that such loans comply with federal and state fair lending requirements and are not predatory in nature?

2. Is it expected that after the merger, CCB will engage in residential real estate-secured lending? On page 27 of the Application, under the heading "Convenience and Needs," it states that consumers and small business customers of CCB will have access to a broader array of products and services offered by Citibank and its affiliates. If CCB does expect to engage in real estate-secured lending, will the fair lending and underwriting policies of Citicorp be employed at CCB?

3. How will CCB's credit card business be affected by the merger? Will CCB continue to offer secured and unsecured credit cards after the merger with Citibank? Will the cards be offered pursuant to Citicorp's underwriting criteria? On page 10 of the Application, it is stated that CCB offers and promotes secured and unsecured credit cards across the United

CONFIDENTIAL

States. The secured credit cards are used primarily by individuals who do not have a credit history and wish to establish one for future credit needs. Are such cards also marketed to subprime customers? If so, what are the terms of the unsecured cards (how much security must be put down, what is the APR on the interest rate charged, what late fees/penalties are imposed, what is the average credit limit)?

4. Is it anticipated that any branches of CCB will be closed in the Los Angeles area as a result of branch consolidations following the merger with Citibank, FSB? If so, please provide the income level of the census tracts in which such branches slated for closure or relocation or consolidation are located. If a CCB branch is to be closed because of proximity to a Citibank branch, please indicate how far away the surviving branch is located.

5. How will the merger affect community development lending and investments by CCB in its assessment area? In particular, how will financial commitment levels be affected?

6. Has Citigroup conducted community outreach with respect to the proposed merger in the Los Angeles area in which CCB operates? Has Citigroup made an assessment of and sought input on the types of products and services that might be available to serve current and/or prospective customers of the bank?

7. How will the CRA program of CCB be integrated into that of Citibank, FSB? Will current management and staffing be retained?

Those are all the questions I have for now.

Maryann Campbell  
Senior Bank Examiner  
Legal and Compliance Risk Department  
Federal Reserve Bank of New York  
212-720-5821  
maryann.campbell@ny.frb.org