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**Minutes of the Board of Governors of the Federal Reserve System
regarding CitiGroup Inc.'s Application to acquire European
American Bank**

Alan Greenspan

Edward M. Gramlich

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MINUTES OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DATE: July 2, 2001

TIME: 10:00 a.m.

LOCATION: Board Room

ATTENDANCE:

Mr. Greenspan, Chairman
Mr. Ferguson, Vice Chairman
Mr. Kelley
Mr. Meyer
Mr. Gramlich

Office of the Secretary

Ms. Johnson, Secretary
Mr. Frierson, Associate Secretary
Mrs. Lowrey, Associate Secretary
Mrs. Doying, Assistant to the Secretary
Mr. Hiratsuka, Technical Writer

Office of Board Members

Ms. Fox, Assistant to the Board
Mr. Winn, Assistant to the Board
Mr. Hambley, Deputy Congressional Liaison
Mr. Skidmore, Special Assistant to the Board

Legal Division

Mr. Mattingly, General Counsel
Mr. Alvarez, Associate General Counsel
Ms. O'Day, Associate General Counsel
Ms. Misback, Assistant General Counsel

Division of Banking Supervision and Regulation

Mr. Spillenkothen, Director
Mr. Hoffman, Associate Director
Mr. Martinson, Associate Director
Ms. Cross, Deputy Associate Director

Division of Consumer and Community Affairs

Ms. Smith, Director
Ms. McNulty, Assistant Director

Other supporting staff

Federal Reserve Bank

Federal Reserve Bank of New York
Mr. Bernstein, Bank Supervision Officer

CITIGROUP INC. and CITICORP, both in New York, New York, and CITIGROUP HOLDINGS COMPANY, Wilmington, Delaware -- Application to acquire European American Bank, Uniondale, New York.

**Approved.
Issuance of order authorized.
July 2, 2001.**

At today's meeting, the Board considered the application by Citigroup and its subsidiaries to acquire European American Bank. In the ensuing discussion, the staff responded to questions on the proposed examination of two of Citigroup's subprime lending affiliates to assess the effectiveness of Citigroup's policies and procedures to comply with fair lending laws and to prevent abusive lending practices.

It was noted that the proposed examination would focus on matters that were not raised in a pending lawsuit recently filed by the Federal Trade Commission against Associates First Capital Corporation and its subsidiaries ("Associates") and Citigroup as the successor owner of Associates. The lawsuit involved alleged improper lending practices by Associates before it was acquired by Citigroup, and the proposed examination would assess the effectiveness of Citigroup's initiatives to address the subprime lending record of Associates. It was also noted that the anticipated timing of the examination was such that the staff did not expect to have the results available in the near term. Board members clarified with the staff that the Board's order would disclose the impending examination, but that the decision on the application would not be conditioned on the outcome of the examination.

Thereupon, the Board approved the application by Citigroup and its subsidiaries to acquire European American Bank.

Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.

Background: Staff memoranda, June 26 and 28, 2001.

Implementation: Press release, order, and letter from Mr. Frierson to the applicant, July 2, 2001.