



FEDERAL HOUSING FINANCE AGENCY
OFFICE OF INSPECTOR GENERAL



Report of Investigation (ROI)

Title (*Name and Address*):

I-13-0261 CITIGROUP RMBS-DENVER

399 Park Avenue

New York, NY 10022

Type of Investigation (*Criminal, Civil, Administrative*): Civil

Type of Report (type one: Final, Interim, Supplemental): Final (Closing)

Period of Investigation: November 2012 to November 2015

Basis for Investigation

This investigation was initiated under the RMBS Working group as a joint civil investigation into Citigroup's conduct in the packaging, securitization, marketing, sale and issuance of residential mortgage-backed securities (RMBS). The U.S. Attorney's Offices for the Eastern District of New York and the District of Colorado along with FHFA-OIG conducted a Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) investigations into Citigroup's practices related to the sale and issuance of RMBS between 2006 and 2007.

Allegations and Focus of Investigation

In 2006 and 2007, Citigroup Inc.,

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Details of Investigation
Other Investigative Information

Approximately fifty subpoenas were issued to Citigroup, Trustees, Servicers, Due Diligence providers and their employees. Nearly 25 million documents relating to every residential mortgage backed security issued or underwritten by Citigroup in 2006 and 2007 were analyzed. Interviews were conducted with current and prior Citigroup employees and executives. Third party interviews were conducted of underwriters and due diligence providers hired by Citigroup.

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Internal e-mails and documents of Citigroup were also reviewed. The totality of the evidence and testimony obtained showed that Citigroup knowingly and purposefully purchased and securitized loans that did not meet representation and warranties or in many case were outright fraudulent loans. Eventually these tainted securitized loans were sold to investors that included the GSEs, federally-insured financial institutions, as well as a host of states, cities, public and union pension and benefit funds, universities, religious charities, and hospitals, among others investors.

Prosecutive Disposition

In July 2014, Citigroup agreed to pay a \$7 billion settlement to resolve federal and state civil claims related to Citigroup's conduct in the packaging, securitization, marketing, sale and issuance of residential mortgage-backed securities prior to Jan. 1, 2009.

Subsequent to the settlement with Citigroup, DOJ Main Justice requested that all RMBS settlements also determine if individuals associated with any civil investigation be held personally responsible. After review of the Citigroup evidence with the Colorado US Attorney's Office it was determined that there was not enough compelling evidence to continue against individuals connected with the Citigroup RMBS investigation.

Systemic Implications

There were no Systemic Implications identified.

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<i>Other (specify below)</i>	Title SAC Barry McLaughlin	Office (<i>city</i>) Midwest Region	Date of Report November 2, 2015
	Div. Office Investigations		