

**Testimony of Marie S. Nahikian, Executive Director
Queens County Overall Economic Development Corporation**

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**Public Meeting of
Federal Reserve Bank of New York
on**

Proposal by Traveler's Group Inc. to Acquire Citicorp

June 26, 1998

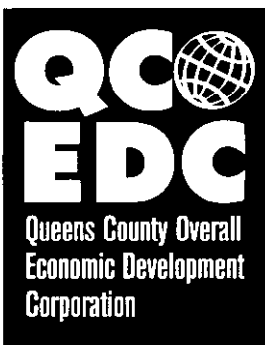
The Queens County OEDC, created in 1978, has a central focus to increase economic opportunity for the residents of Queens County. This requires Queens County to maintain multiple roles in the economic life of the an area that is home to probably the Nation's most diverse population, that is equal in size to the fourth largest city in the United States.

Our mission cannot be met without close working relationships with sources of national and international capital. QCOEDC works with over 75 financial institutions. How we work with these institutions can best be summed up in one word - selling. QCOEDC sells Queens locations, neighborhoods, business owners, entrepreneurs and residents as good investments. The interest in our "sales pitch" varies, but one important fact is critical. The Community Reinvestment Act causes these institutions to listen.

Citicorp and its affiliates, such as Citibank listens very closely to QCOEDC and our colleagues who are economic developers. We have been fortunate in having the direct participation of Citibank in our work for the past 10 years. Many Citibank employees are civic leaders and residents of Queens. Citibank and Citicorp have been visible and active corporate leaders in the Queens community. Queens County OEDC is a Citibank customer; however, we have not been a Citibank borrower.

Citibank has directly participated in the Queens County OEDC in the following ways:

- *lending* - to small business clients;
- *financial supporter* - since 1992, the Citibank Foundation has provided \$92,500 in corporate philanthropic support for projects and programs;
- *providing technical support* - Citibank corporate officials have served as volunteer members of our Board of Directors, providing lending and technical advice to small business owners, many of whom are minority and women-owners. Citibank real estate lenders have assisted with the development of a commercial retail space in at-risk communities.



The question that is posed by the proposed acquisition of Citicorp by The Travelers Group is harder, however. After listening to community developers, will there be action?

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Action is another way of defining the purpose of this public hearing.

What actions have been taken or are proposed to meet the credit needs of the new corporate institution's entire community that is consistent with the safe and sound operation of the institution.

The fact that we have almost no experience with The Travelers Group in Queens County is an important factor. The issues of the availability of insurance products and the cost/risk analysis that translates into higher premiums in a place like Queens County is well known. On a hopeful note, we believe The Travelers Group can learn from Citicorp: investing in our communities is good business and profit does not need to come from higher costs charged for a perception of higher risk. More information is needed about the potential for a bank holding company to conduct nonbanking activities. If access to affordable products is available, these "nonbanking activities" can produce significant benefits to our community. For example:

- investment, health & retirement products for non-profits and specific groups of individuals, such as low and moderate income families who can rarely afford such services;
- local recruitment for training & employment opportunities.

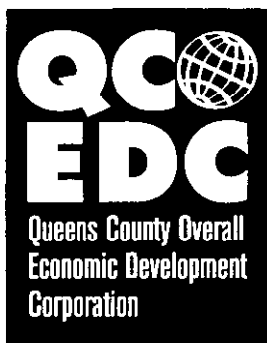
Strategy to Invest \$6 billion in Community Development

Citibank's participation in Queens County has been significant. The commitment to increase lending and support for community economic development from the current level of \$136 million to \$6 billion over the next 10 years should mean that the impact of will be even larger. The commitment is a major challenge.

- We believe that implementation strategies with community development partners must begin immediately.
- In order to move \$6 billion into community development, additional corporate resources, staff and support will be necessary. In Queens County, some of the \$6 billion commitment must be made in increments of \$5000, a loan considered not cost-effective, but critical to the growth of entrepreneurs.
- We urge the strategy to include use of community development intermediary and technical assistance providers which have a knowledge of local communities. This may be the only way that resources will get to Cambria Heights, Maspeth or Sutphin Boulevard.

Create an Investor Environment

Over the last 15 years, an entirely new "investment" strategy has increased the production of affordable housing in this country. In New York City, alone, thousands of families



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how live in housing built, in part, because of corporate investment. The economic concept of “creating value” in the market place, where none previously existed by coupling investment to tax credits is a strategic way of rebuilding and revitalizing communities.

This allowed investors to analyze a return differently and mitigated the traditional discussion of underwriting “risk.” I can fondly recall structuring a North Philadelphia non-profit housing development in 1986 to include one of the first investments in affordable housing ever made by Fannie Mae. None of us at the table were absolutely sure what this investment should look like on paper.

The same economic concept must be used in economic development. Small business owners, and in particular minority and women-owners rarely have the luxury of considering an “investment.” Most financial institutions cannot mitigate the risk of “start-up” businesses or an operation that needs to expand and grow, but cannot show the appropriately-defined “equity.”

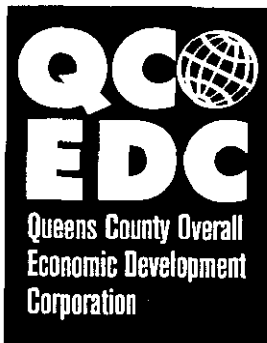
The combination of The Travelers Group, with its investment history, and Citicorp can meet this need. Some suggestions include:

- risk analysis that includes non-traditional equity, such as labor, family co-signers or intellectual property;
- developing a secondary market for small business loans, using a pooled risk concept;
- Federal, state and local tax credits for corporate investors in businesses or commercial real estate development in low and moderate income communities; creating a relationship between insurance premium volume and community investment products.

Is a \$6 billion commitment enough?

In a word, no. Is it significant? Yes. A quick case in point: QCOEDC is a 60% limited partner that owns a commercial shopping plaza that provided some of the earliest “chain store” services (Walgreens, Domino Pizza, Blockbuster) to the Hollis neighborhood near Jamaica, Queens. Last year, QCOEDC set aside \$25,000 of the income from this project to create the Queens Neighborhood Access Fund. The stated purpose of the fund is to take some risks by investing in new projects that may not yet have all of the bells and whistles. Is the \$25,000 enough? No, but it is significant, equal to almost 15% of the total net income we have received and significant because of the manner in which it can be used.

We will be glad to advise The Travelers Group and Citicorp on the how we the Board of Directors deliberated on making this commitment. Fifteen percent of their net income invested, not just loaned, could alter the economic future of several Queens Counties.



July 1, 1997 - June 30, 1998: Program Activity
Outreach: Services, Information, Technical Assistance

Direct Technical Assistance and/or Information & Data Provided: 56 Groups

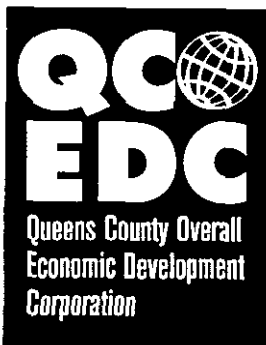
Hon. Jeff Aubry	Jackson Heights CDC	SE Queens Clergy
Cambria Heights Merchants	EDC of St. Albans	College Point Bd. of Trade
Richmond Hill South Civic Assoc.	Rego Park Merchants	BCD Day Care
Langston Hughes Library	Neighborhood Housing Services	
Greater Jamaica Develop. Corp	Ridgewood LDC	
Sunnyside Community Services	Maspeth Merchants Elmcors Youth & Adult Services	
Pomonoc Neighborhood House	Rockaway Merchants	Astoria Restoration
Muslim Economic Develop. Inc.	Friends of Sutphin Merchants	Sutphin LDC
Bellerose Merchants	Kew Gardens Merchants	Hollis LDC
Community Boards 3, 9, 10, 12, 14	Unisource, Inc.	FOB Transport
National Envelope	St. John's University	Bell Atlantic
Corona Bus. Corp (Merchants)	College Point Residents	Ramada Inn
Fleet Bank-SE Queens branches	Queens Library: Merrick Blvd. & Far Rockaway	
Metropolitan Ave. Chamber	Flushing Merchants	
Forest Hills Chamber of Commerce		Business Links, NYC
St. Albans Chamber of Commerce	Catholic Charities-SE Queens	Queens Urban League
SE Queens Coalition for Children	Venture 2000 Grp-Liberty Ave.	Gujarati Samaj
Laurelton Ave. Merchants	Pan Macedonian LI-Queens	SCORE
Auto Repair Shop Association-Queens & Long Island		
Black Women Enterprise Caribbean American Chamber of Commerce		

Events: 9

Getting Down to Business Conference - April 1997 & April 1998
 EAP Graduation - March 1997, April 1998
 Neighborhood Development Initiative Breakfast - June, 1997
 Business Start-Up Breakfast (with Queens Business TA providers)- October 1996
 Hispanic Business Congress of Queens - October, 1997
 Queens Neighborhood Development Initiative - announcement - November, 1997
 EAP Registration, Open House - January, 1998
 Queens Hospital Center Contractor Fair - March, 1998
 Congressman Meeks & SE Queens Community Development Grps Priority Briefing - April, 1998

Publications: Queens Access-Business Information Service of Queens County: 7

QCOEDC Brochure, including Business Services Insert
 "Minding Your Own Business" (English & Spanish)
 Loans for Queens Business
 Guide to Incentives for Business
 QUEENS COUNTY, USA - marketing newsletter
 Queens Quarterly - newsletter for local development corporations



Board of Directors, March-1998

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Charles McMickens* <i>Vice President</i>	CDC, Chase Manhattan
Sue Noreika	Chairperson, Community Board #13
David Quintas-Parquet	Director, Government Affairs, Bell Atlantic
Gail Roseman	Executive VP, Sholom & Zuckerbrot Realty
Herman D. Smith	Regional Director, Queens Hospital Center
Meilin Tan	President, Henri-Lynn Realty Inc.

George McDonald
The Doe Fund, Inc.
Public Meeting Regarding Citicorp and Travelers Group
Friday, June 26, 1998

Written Testimony for the Federal Reserve Bank of New York

I gladly volunteered to testify before you today regarding the many years of support that Citibank has offered The Doe Fund and the confidence I have that Citibank will continue its commitment to our work well after the merger with Travelers.

The mission of The Doe Fund is to empower formerly homeless individuals to work and to realize their potential to live as responsible, productive and self-sufficient individuals. In 1990 The Doe Fund launched *Ready, Willing & Able*, an innovative work and job skills training program which provides homeless participants with meals, housing, social support services, basic educational training and above all, paid work opportunities. Since its inception, the program has helped over 500 individuals to secure full-time employment and permanent housing and to achieve lives of productivity and independence.

The Doe Fund's original *Ready, Willing & Able* residence is located in Bedford-Stuyvesant, Brooklyn. In 1996 The Doe Fund expanded the program to the formerly city-operated Harlem Men's Shelter and on May 4th of this year, The Doe Fund launched a *Ready, Willing & Able* program in Jersey City, New Jersey. The Doe Fund also operates a *Ready, Willing & Able* program in Washington, D.C. Today The Doe Fund serves over 800 formerly homeless men and women annually and *Ready, Willing & Able* stands as a model welfare to work program for homeless service providers nationwide.

The success and expansion *Ready, Willing & Able* has experienced over the years would not be possible without the support and guidance of Citibank. In 1991, shortly after The Doe Fund opened the doors of its first *Ready, Willing & Able* residence, Vice President and Director of Corporate Contributions Mr. Paul Ostergard and several Citibank colleagues visited the program. Impressed by the program's work-based philosophy and recognizing the great need and potential among our city's homeless population Citibank awarded The Doe Fund a grant of \$5,000 and expressed a sincere interest in developing a relationship with what was then a fledgling organization.

Since that first visit, Citibank has provided The Doe Fund with annual grants in support of *Ready, Willing & Able*, which in total exceed \$50,000. Citibank employees also frequently make matching gifts to support our work and one employee, Ms. Peggy Cohen, a Vice President of Private Banking, has served on The Doe Fund's Board of Directors since 1995. Ms. Cohen, who served as Chairperson of our Board from 1996-1997 has tirelessly given of her time and energy in support of our work.

In addition to financial support, over the years Citibank has generously provided banquet rooms in its corporate headquarters for Community and Board of Directors meetings. Last spring, Citibank hosted a Community Breakfast for prospective individual and foundation donors which resulted in a grant in the amount of \$75,000 from a local family foundation.

Most recently, the Citicorp Foundation has awarded The Doe Fund a grant of \$10,000 in support of a revenue-generating shoe making business, Harlem Shoemakers, Inc. With the help of internationally renowned shoe designer, Mr. Joseph Famolare, The Doe Fund is working to open a shoe factory in Harlem. Harlem Shoemakers will employ low-income Harlem residents, graduates and trainees of *Ready, Willing & Able*. The business will provide valuable work experience and generate revenue for The Doe Fund's *Ready, Willing & Able* program. Citibank's support of this innovative business endeavor demonstrates its insight into the current climate, which demands that non-profits must work to curtail reliance on public funding sources. In addition to the recent grant award, Citibank is currently considering making a loan of \$500,000 in support of this business endeavor.

Given the relationship The Doe Fund has built with Citibank and its proven commitment to improving the community which they serve, I have every reason to believe the pledge they have made to me and my colleagues that their support of our work will continue after the merger with Travelers.

Testimony of Fredy Espailat, Academy of Finance Student Federal Reserve Board Hearing on Travelers/Citicorp Merger

Good morning, ladies and gentlemen, my name is Fredy Espailat and I am a graduate of the Academy of Finance at Brandeis High School in New York City.

Last summer, I had what I felt was the opportunity of a lifetime. I applied to Salomon Smith Barney for a summer internship they sponsor as part of the Academy of Finance program. I sent in my resume, was interviewed for the position and was placed in the high net worth department at Salomon Smith Barney.

This was my first job in the real world and everyone at Salomon Smith Barney made me feel like I was a part of the organization. My supervisor, Tina Monahan, took me out to lunch at least once a week and gave me many responsibilities.

I worked on the computer inputting data into the data base. I updated client portfolios and I was included in daily department meetings.

My internship at Salomon Smith Barney taught me the value of teamwork, punctuality, and gave me the ability to network with coworkers

I feel all of these things will help me to build a better future.

In addition, I feel that my internship greatly advanced my computer skills which will help me when I go either to Baruch College or DeVry Institute where I plan to study computer programming and business management.

I don't believe that I would have had the opportunity to do any of these things if Sandy Weill and Travelers Group did not create these opportunities for the students in the Academy of Finance.

In conclusion, I would like to say that I believe that the expansion of Travelers Group will make even more internship opportunities for many more students in the Academy of Finance program. Thank you very much for the chance to speak to you today.



亞洲人平等會
ASIAN AMERICANS FOR EQUALITY

111 Division Street, New York, New York 10002
Tel. (212) 964-2288 • Fax (212) 964-6003

40-34 Main Street 2/FI., Flushing, New York 11354
Tel. (718) 539-7290 • Fax (718) 539-5706

June 26, 1998 Public Meeting

Good Morning, My name is Margaret Chin; I am the executive director of Asian Americans for Equality Fair Housing Center (FHC). I am also speaking on behalf of our affiliates, Asian Americans for Equality (AAFE) and Renaissance Economic Development Corporation (REDC).

AAFE is a community-based, non-profit organization founded in 1974 to advocate for equal opportunities for minorities. We are located in the Chinatown, Lower East Side and Flushing Queens. Serving an estimated 20,000 people annually, AAFE's programs and services include housing development, homeownership, housing rights, entitlement services counseling, citizenship counseling, civil rights, economic development and technical assistance. AAFE has been actively advocating for greater community reinvestment by banks since its inception in the 70's.

Through our affiliate organization established in 1995, the Asian Americans for Equality Fair Housing Center, we conduct education and outreach, testing and assist in the filing of complaints in the areas of Fair Housing and Lending to Asian communities in all five boroughs. Another affiliate organization, the Renaissance Economic Development Corporation is a federally certified Community Development Financial Institution (CDFI), with a loan pool of approximately \$1 Million to conduct lending through out the five boroughs in concentrated areas of Asian and Latino immigrant communities.

I would like to make you more aware of the specific needs of the Asian community generated by cultural and linguistic differences, the impact of the Community Reinvestment Act on the Asian American community and about specific ways in which CRA can be strengthened to benefit low income and minority communities.

Asian Americans are the fastest growing population in both the United States and New York City. The number of Asian Americans in New York City has doubled from 1980 to 1990 from 3% to 7% of the City's population, accounting for nearly half a million people. By the year 2000, Asians are expected to compose over 10% of New York City's population.

Today, the diversity of the Asian Pacific American community is represented by over two dozen nationalities, each with its distinct language, religion and culture; its distinct challenges and potential. Two out of three of us were born in our native countries, and the majority of those who chose to come here, have some difficulties with language and its dominant cultures. The staggering four-fold growth, in the past 20 years, of the Asian Pacific American population, has spawned many challenges in its wake. The APA community live in one of the most densely populated areas in the nation. In New York City's Chinatown, there are 189 persons per acre. Other areas of the city have only 37 per acre. This density is accurately reflected in the fact that

in Chinatown, 2 or 3 families often live together in a single apartment. 95% of the housing stock in Chinatown predates 1939, exacerbating the lack of services and investment by the larger community.

To get a true representation of the Asian Pacific American population, we must go beyond just the numbers. We represent the most "urban" of any sub-population group, with an overwhelming majority, in the low-income inner-city neighborhoods of metropolitan areas around, Los Angeles, San Francisco, Seattle, Chicago, San Antonio, and New York.

The Asian community is a "savers' community", the increased population brought tremendous deposits into banks operating in Asian concentrated enclaves. In Chinatown alone the deposits total \$ 4 billion. But most banks do not have mortgage officers who speak Asian languages. Also Chinatown landlords are unable to access affordable financing for building improvements. This lack of capital allows for extensive housing deterioration, causing dangerous conditions that lead to fires, deaths, and homelessness. Chinatown's housing stock is among New York City's oldest and has some of the most run down conditions.

According to a letter published by Ming Pao Daily News in August of 1997, APAs exhibit the lowest rate of homeownership in the nation among all groups. The letter cites the national homeownership rate as 64.7%. Among Whites the rate is 70.8%; Women at 49.5%; African Americans at 44%; Latinos at 43.9%; and Asians at 42%. These national rates of homeownership are comparable to the trends in New York City and the metropolitan region. Despite this low percentage, recently, there has been an increasing movement in the APA community for low-income families to become homeowners.

AAFE has found that homeownership is an important vehicle for APAs to enter mainstream society and to improve local communities. The lack of APA homeownership is caused by a dire lack of information about homeownership and access to credit and its related benefits available to the local communities. To overcome these obstacles, Asian Americans for Equality has led a multipronged effort to meet the challenges of the APA community. Our work to meet the challenges of the language and cultural barriers has resulted in unprecedented successes, accounting for more awareness and access to mainstream services.

In 1986, AAFE developed the first ever, housing development project to utilize the federal Low Income Housing Tax Credit program, launching a public/private partnership that continues to gain steam today. In the past ten years AAFE has raised over \$40 million to develop 400 units of affordable housing for senior citizens, homeless and low-income families throughout New York City. Working in partnership with HUD, Fannie mae, and major banks AAFE has been able to counsel and access over \$50 million of affordable mortgages for over 500 families. AAFE's community building efforts represent a multi-racial, multi-ethnic effort to build strong communities.

AAFE has a long history of partnership with Citibank. Citibank holds the largest proportion of AAFE's financial businesses. AAFE is one of Citibank's Partners in Progress, which contributes to AAFE's housing development on the Lower East Side. We have seen Citibank take a leadership position in serving the Asian American community in the delivery of retail products,

but we encourage Citibank to deepen its commitment to economic and community development to the Asian American community in the New York Metropolitan area and in Citibank's other major service areas. AAFE looks to continue to work with Citibank to deepen their investments and activities with the Asian American and other immigrant and minority communities.

Focusing on such initiatives as:

Partnering to provide long term credit (30years terms -Vs- the typical 10-year term) for investment in New Construction; such as new in-fill housing throughout the Lower East Side. Today, AAFE alone needs over 10 million in long term equity to continue our rate of development. More would be needed to meet the needs, or to spur greater activity on a national level.

Partnership to spur community development and homeownership initiatives with the Asian American community on a national level. Co-sponsoring national economic development summits for the Asian American community; or co-sponsoring technical assistance workshops to increase the development capacity of community groups.

Partnership with other organizations and AAFE to create a Community Advisory Group to provide input directly to Citibank on local and national issues that affect low and moderate and minority communities.

Provide more multi-year capacity building grants to stabilize and expand the work of non-profit partners who have been forced to fill the void of shrinking government resources to spur economic growth in our communities.

In this time of mega merger we expect Citibank to expand its role in providing financial services and spurring economic and community development within the communities they serve especially the low and moderate income, immigrant and minority communities. It will be a big challenge but continuing to work with community groups who understand the needs can make the difference.

Thank you.

Dr. Cassagnol CyberBanking Group [®]



From: Amb. Dr. François de Cassagnol
Founder & President/Chairman(CEO)
DR. CASSAGNOL INSTITUTE OF RESEARCH, INC
& DR. CASSAGNOL FOUNDATION INCORPORATED
P.O. Box 740 @ Williamsbridge Station, The Bronx, N.Y. 10467-0740

To: The Honorable Glenn Loney, Presiding Officer, Division of Consumer & Community Affairs, FEDERAL RESERVE SYSTEM, Washington, DC

Re.: Public Hearing Regarding Citicorp and Travelers Group!

cc.: Elizabeth McCaul, Acting Superintendent of Banks, NYS Banking Department;
Sandy Weill, Chairman/CEO, Travelers Group (Charles O. Prince, Exec. VP/GC/Sec.); and
John S. Reed, Chairman & CEO, Citicorp (Pamela Flaherty, Senior Vice President).

Dear Hon. Mr. Presiding Officer Loney:

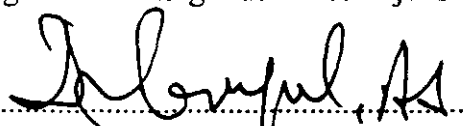
After several communications that I had with the Travelers Group, reassuring my organization that this proposed merger will give them another opportunity to fairly treat minority groups, it's with great pleasure that I inform you and your staff, that our organization fully supports this proposed merger. And we're hoping that after successful completion of this proposed merger of Travelers with Citicorp to become Citigroup, this new entity will in their own ways, will show some sensitivity couple with good deeds by first meeting its legal obligations under their Small Business Credit and Lending Service Areas by targeting its New York City Small/Disadvantaged Business and focusing their efforts on specific goals to reach at least a good portion of Minority Businesses using the majority/minority framework of almost 57% minority population in New York City as a frame of reference to establish a fair mechanism to render services to our local minority groups of 26% (Black), 25% (Hispanic), 7% (Asian) and .7% (Others) based our normal population growth as the result of the 1990's Census. Thereby, it's almost impossible to fairly serve New York City, by neglecting the minority populace.

Our organizational recommendations are for Travelers Group to put together a minority Business Credit and Lending Package to cover a fairer distribution of insurance and financial products and services as follows:-

- 1). A Minority Small Business Financial Assistance Program to reach out to our 57% minority population;
- 2). A Minority Commercial Credit Program targeting Minority Business Enterprises (MBEs.) in New York City;
- 3). A Minority Business Enterprise Commercial Investment Program for our New York City Depressed Areas;
- 4). A Minority Community Development Grant Program to create jobs for our Welfare-To-Work NYC locals;
- 5). And to design or customize other specific Insurance and Financial Products for NYC Minority Businesses.

Our organization has also proposed a comprehensive package of initiatives to assist Citigroup in reaching their goals under the Community Reinvestment Act, and we will be delighted to continue working with Travelers Insurance Companies and Citigroup, with the goal of creating much needed jobs for Harlem and the South Bronx.

Very Sincerely Yours,

I'm: 
Amb. Dr. François de Cassagnol
CHAIRMAN OF THE BOARD

6/25/98

Amb. Dr. François de Cassagnol
Founder & President, Chairman & CEO
® CyberTV-Radio.Com Network™
DR. CASSAGNOL INSTITUTE OF RESEARCH, INC. ©



EDUCATION: AS., BS.: Rehabilitation Therapies (CUNY/USNY); MPS.: Administration (C W Post, Long Island University, N.Y.); Ph.D. (Southeastern University, V.I.), Post Doctoral Specialization (1978-79: New York University) in Industrial/Vocational Education and the Administration & Supervision of U.S. Higher Technologies with primary focus on Multilingual Special Ed. Programs. Further education in Int'l Business Management/Int'l Business Law.

EXPERTISE: over 19 years of international business experience in conjunction with foreign business missions in Southeast Asia, People's Republic of China and the former Soviet Union. Currently a Registered Organizational Consultant with the World Bank and the U.S. Agency For International Development. The Institute was certified as an Assets Management Organizational Entity with the Resolution Trust Corporation. Special Multilingual Skills: English, French, Haitian-Creole, Spanish and some Russian & Asian Dialects. Both corporations are under 100% control of Amb. Dr. Cassagnol with past inclusion in Dun & Bradstreet Million Dollar Directory (DUN # 12-262-2004); and the The Dr. Cassagnol Foundation Incorporated (A 501(c)(3) Tax-Exempt Socioeconomic Development Organization) CYBERSPACE AMBASSADOR'S PROGRAM ♦ SILICON ALLEY COUNCIL OF ECONOMIC ADVISERS

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PAST AND/OR PRESENT MEMBERSHIP:-

- The Union Of Concerned Scientists (Membership File # 509002 AC8V);
- Life Member of the Republican National Committee (Life Member Honor Roll and 1997's Eisenhower Commission);
- The New York Republican Party & The President's Club of the Republican National Committee;
- The Presidents' Association: The CEO's Division of the American Management Association;
- The Valdosta & Lowndes County & The Shreveport/Bossier Chambers of Commerce;
- Chairman: Small Business Education/Entrepreneurial Training, the 1986's Louisiana Delegation; of The White House Conference on Small Business/Minority Business Delegates' Caucus;
- The U.S. Technology Transfer Society & its Task Force/Council for U.S. Technology Transfer;
- The U.S. People to People Ambassador Program; and
- The U.S. Congressional Advisory Board & the U.S. Republican Senatorial Club.



SPECIAL HONORS & MAJOR INCLUSIONS:-

- Attended the 1998's Inaugurals of the Hon. C Virginia Fields, 24th. Borough President of Manhattan
- Attended Governor Pataki's New York State Economic Summit For Women (1997);
- Recipient of the 1995's The President's Club/RNC HONORABLE EISENHOWER COMMISSION;
- Attended the 1995's National Republican Inaugural Activities & Gala;
- Attended the 1994 & 1998's Inauguration Ceremonies of NYC Mayor Rudolph W. Giuliani;
- Who's Who in the South & Southwest (22nd. Edition: 1991-92) Who's Who in America;
- 1991's Presidential Order of Merit & U.S. Capitol's Flag by President George H. Bush;
- Special Honor Guest at the 51st. Presidential Inauguration of President George H. Bush;
- 1988's Presidential Gold Medal of Merit by President Ronald Reagan;
- Special Honor Guest at the 1988's GOP Convention in New Orleans, Louisiana;
- 1987's Presidential Honor Roll by President Ronald Reagan;
- 1986's Peace through Strength Silver Star Award by the U.S. Congressional Advisory Board;
- 1985's Presidents' Association/Chief Executive Officer's Award; and
- The State of Louisiana (Shreveport/Bossier) Ambassador of Goodwill.

MA 6/5/98

**Testimony by the Hispanic Federation, Inc.
Regarding The Merger of Citicorp
with Travelers Group, Inc.
Friday, June 26, 1998**

My name is Lillian Rodriguez Lopez and I serve as the acting president of the Hispanic Federation, a membership organization representing the Latino human services sector in New York and New Jersey. I am pleased to have been given this opportunity to address you about the proposed merger. I can speak with authority about the philanthropic activities of Citibank, and its impact in the Hispanic community as well as Citibank's commitment to economic development in New York City neighborhoods.

Citibank was one of our first supporters and has remained a supporter since our inception in 1990. Our partnership has revolved around the collection and analysis of data on Latinos that serves to promote a greater understanding of our social, economic, and political roles in the City. They have helped us to share with the larger community, our dreams, our aspirations and our reality. Citibank has supported the publication of Hispano-Stats, one of our yearly publications, for the past three years.

Page 2

Hispanic Federation, Inc.
June 26, 1998

With Citibank's assistance, we distributed over ten thousand copies of our first Hispano-Stats, which presented a demographic and economic profile of Latino New Yorkers. We still receive requests for the inaugural Hispano Stats from elected officials, funders, students, and many of our member agencies.

Our second edition of Hispano Stats helped interpret the political strength and potential of the Hispanic community in 29 New York City neighborhoods. And our soon to be released Hispano Stats will profile Hispanic institutions providing services to communities throughout the state of New York. This brief characterization illustrates Citibank's commitment to a better understanding of the Hispanic community.

Citibank has also been committed to strengthening the economic fiber of the Latino community. Three years ago, Hispanics in Northern Manhattan joined together to create an economic development institution dedicated to growing neighborhoods and assisting Hispanic and Dominican small businesses. Citibank has been a partner in this enterprise and today, the Audubon Partnership for Economic Development is getting stronger.

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Hispanic Federation, Inc.
June 26, 1998

Just a month ago, the Empowerment Zone awarded to the Audubon Partnership, a three quarter million dollar grant to help Dominican merchants in the area. This is a stellar accomplishment for such a young non-profit organization.

I could share much more but my time is limited. I thank you for allowing me to share our experiences with Citibank with the review panel.

CITY OF YONKERS

**Re: Proposal by Travelers Group, Inc.
to
acquire Citicorp
June 26, 1998**

I'm Edward Sheeran

I am special assistant to the Mayor of the City of Yonkers, Westchester County, New York. I am also Executive Director of Yonkers Industrial Development Agency.

The City of Yonkers is the largest city in the County of Westchester and the fourth largest city in the State of New York with approximately 190,000 residents. Yonkers has the largest number of high poverty level census tracts in the County of Westchester. For over a decade a New York State financial control board has been overseeing the city's financial activities.

Citibank, one of the nations largest banking institutions serves the residents of the county of Westchester with eighteen full service branch banking facilities. The areas Citibank has elected to service within Westchester County are affluent upscale areas. These areas are as follows:

Armonk

Bedford

Bronxville

Chappaqua

Eastchester

Harrison

Hastings

Larchmont

Mamaroneck

Mount Kisco

New Rochelle

Ossining

Pelham Manor

Rye

Scarsdale

Somers

White Plains (2 Branches)

Last year Citibank opted to close its only manned branch in the City of Yonkers. Accordingly, Citibank has no manned bank facility to provide day-to- day banking service to the 190,000 residents of the largest city in Westchester County.

Recently, I spoke to Citibank's Westchester County Senior management regarding Citibank's red lining of the City of Yonkers. I was advised that it was Citibank's strategy to provide banking service to its customers through technology rather than bricks and mortar and that Citibank would not be adding additional branch facilities to its network. This statement was contradicted in Crain's June 15, 1998 publication when it reported Citibank had branches under construction in the State of New Jersey and in particular in Fort Lee and Englewood.

Clearly, Citibank's strategy is to provide day- to- day, personal banking service to affluent upscale communities and to ignore the day- to- day banking need of less affluent communities. We believe its Westchester network of branches, is an orchstrated example of this and proves that the 190,000 residents of the City of Yonkers are not being given the same banking conveniences that are provided by Citibank to towns, villages and hamlets within the County of Westchester

We, in the City of Yonkers believe in addition to providing day-to-day banking service, large financial institutions such as Travelers Group, Inc. and Citicorp should be obliged as good citizens, to participate in the economic revitalization of cities, such as the City of Yonkers. We believe they should utilize their vast resources, both financial and otherwise to promote, encourage and finance economic development. By doing this they will be contributing to creation of jobs and increasing the quality of life for all our citizens.

Citibank's activities to date have been to the contrary. The future must be based on past performance. Frankly, we are not satisfied with the manner in which our city has been ignored and our citizens treated by the powerful Citibank. Should the acquisition be approved, Citibank will be the largest and most powerful institution in the country. This

may very well be good for affluent upscale areas, but if Citibank's past is any indication of the future, then our 190,000 residents in the largest city of Westchester County can expect more of the same from the nations most powerful financial institution..

I am here today on behalf of the citizens of Yonkers to request that the approval of the acquisition of Citicorp by Travelers Group. Inc. be denied until such time as Citibank institutes and delivers programs that provides services to the citizens of the City of Yonkers equal to services they provide to the citizens of the eighteen affluent upscale communities in the County of Westchester..

Citibank branches out locally with new sites in New Jersey

Offices are set in affluent suburbs, but bank faces heavy competition

BY CHRIS ISIDORE

Citibank, whose branch network extends to eight states and 40 foreign countries, is expanding its reach into new territory a little closer

to home—New Jersey.

The bank has branches under construction just over the George Washington Bridge in Fort Lee and neighboring Englewood. A series of drive-up automatic teller machines is already operating in Fort Lee, where the full branch is expected to open late this year. The Englewood branch, where an existing building is being renovated, should open in late summer or early fall.

The bank's only New Jersey

operation before this was a Parsippany sales office, but that facility does not provide full-service branch banking.

"All the marketing they've been doing for years has carried over into New Jersey," says Charles B. Wendel, president of Financial Institutions Consulting Inc. "It's a natural chance to leverage that."

Citibank officials declined to discuss their New Jersey strategy. The bank traditionally has concentrated

more resources on international expansion than domestic branch growth. New branches recently opened in Ukraine and Vietnam.

While the more typical entry into any market is through acquisition, building new branches probably makes sense for Citibank when it is so close to home, especially with prices for bank stocks forcing buyers to pay a stiff premium.

Precise targeting

Mr. Wendel says that by building new branches, Citibank can target desired segments of the market more precisely than it could through the purchase of another bank.

The cities in Bergen County, and especially these two towns, are affluent suburbs with a large percentage of residents commuting into the

city each day. Bergen County is the fifth-most-prosperous county in the country. The 1990 census ranked Fort Lee with a median family income of \$60,628, and more than 40% of its employed residents live in New York City.

Englewood, just to the west, had a median household income of \$49,249 in 1990, with about 40% of its employed residents working in the city.

But Bergen County's success also has made it one of the most heavily banked counties in the entire nation, with 416 bank branches, only 30 fewer than Manhattan. Even with Citibank name recognition, two new branches won't change the landscape significantly.

"You're talking about branches in an area already heavily branched," says Joe Wessely, Citibank's vice president and marketing manager for New Jersey for its Fort Lee-based Fleet Bank, which is the largest bank in Bergen County as its most important county in the state.

"We obviously have a competitive radar screen, but don't view it as an immediate threat," he says.

Unconquered territory

Banks with branches in Bergen County have a limited presence in the county. Fleet Bank, Bank of America, New York Co. and Dime Savings Bank are the only ones. New York are the only ones ranked in the top 10 in the county market share, and among them, Fleet Bank has the largest market share, with less than 14% of total deposits, according to SNL Financial. Princeton, N.J.-based Sun Life Bank is the market leader with 15 branches and a quarter of total deposits in the county.

The branches are not Citibank's only activity in the neighborhood. Last fall, it leased a 40,000-sq-ft office building in Englewood Cliffs, which adjoins both towns. The center is set to house a 1,500-employee data processing center. The center is set to

TESTIMONY OF:

VICKIE HUREWITZ
SENSES

Statewide Emergency Network for Social and Economic Security
275 State Street
Albany, NY 12210

June 26, 1998

Testimony To:
Federal Reserve Bank of NY
Public Meeting Regarding
Citicorp and Travelers Group

TESTIMONY

Good morning distinguished members of the Federal Reserve Board. Thank you for giving me this opportunity to express my opinion about the CitiCorp-Travelers merger. My name is Vickie Hurewitz and I am here representing the organization SENSES which stands for the Statewide Emergency Network for Social and Economic Security. We work on a variety of public policy issues which affect low-income people here in New York State. SENSES is a member of the National Community Reinvestment Coalition.

As I thought and read about the CitiCorp and Travelers merger and HR10 the Financial modernization bill that would allow the merger if passed, I decided there were three questions I wanted to address in my testimony.

First, if this were just a standard mega-merger like so many we have seen lately, how are these two institutions doing in terms of their fair lending and community reinvestment obligations under current law? A merger can be denied if either party has not met these obligations.

Second, I am puzzled as to how this merger can occur since HR10 is still making its way through Congress?

Third, what are the most important issues around HR10 that should be addressed before the law passes.

HOW ARE THE INSTITUTIONS DOING UNDER CURRENT LAW?

The Home Mortgage Disclosure Act requires CitiCorp and all its lending subsidiaries and affiliates to report out detailed information on every Home Purchase, Home Improvement, and Refinance application taken. Using 1996 data, I performed a limited HMDA analysis on Citibank's lending in all the metropolitan areas of New York State. I only examined those markets where an individual institution took more than 30 applications, statisticians consider this an ample sample size.

I compared the market penetration of CitiCorps' entities among Black borrowers to all categories of borrowers. I also compared the banks loan denial rates to Black versus White applicants to the rate for all lenders in the individual markets. The reason I only looked at these particular indicators is that I am still in the process of database development. In the future I will be able to look at many more indicators of bank lending performance across New York State.

Three Citibank entities Citibank (NYS), Citibank Mortgage and Citibank N.A. accepted applications for Home Purchase loans in 1996. Citibank N.A. is minimally active in two markets upstate, Buffalo and Rochester, the other two lenders are primarily downstate in the New York City and Long Island areas. With the exception of Citibank NYS in the two upstate markets, all the Citibank entities had a lower market share of Black applications than of all applications. In all areas for all the Citi entities the loan denial rates to Black versus White borrowers was higher than the rate for all lenders in the markets. In Rochester, for example, Blacks were denied at over 9 times the rate of Whites compared to 1.8 times as often for the aggregate lenders.

Two Citibank entities Citibank (NYS) and Citibank N.A. accepted Home Improvement Applications in 1996. Again Citibank (NYS) was active upstate and Citibank N.A. downstate. In all cases market penetration was lower amongst Black borrowers than White with the discrepancies being somewhat higher downstate. With the exception of Citibank N.A. in the Long Island area loans were denied to Blacks at slightly higher rates than to Whites although the differences are not as marked as they were with Home Purchase loans.

Three Citibank entities Citibank (NYS), Citibank Mortgage and Citibank N.A. accepted applications for Refinance loans in 1996. In addition to the markets I already mentioned Refinance applications were taken from the Albany, Syracuse and Orange county areas. Except for Citibank Mortgage in the New York City area, once again market penetration was lower amongst Black borrowers for all Citi entities and markets. Denial rates remain high to Black borrowers.

Travelers Insurance Company unlike Citibank is not required to report under HMDA nor is it covered by the Community Reinvestment Act. It is however covered by the Fair Housing Act of 1968. Currently HUD is investigating a Fair Housing complaint brought by the Fair Housing Council of Washington DC. The complaint alleges that the company's policies have a discriminatory impact on African-American and Latino policy seekers and neighborhoods. In the DC area Travelers has a policy whereby the minimum house value it will insure is \$250,000 this automatically excludes from coverage 90% of homes in Africa-American and Latino neighborhoods. Traveler's also has a policy of limiting coverage to homes which are less than 45 years old, this has the impact of excluding almost twice as many homes in minority neighborhoods

as in White neighborhoods.

Interestingly, Washington DC is one of the four cities that has been in Traveler's Urban Availability of Insurance Program, a program which was founded in 1994 to improve the availability of insurance in urban areas. I wonder what the company's policy would be in DC without this program.

Given that Travelers has this suit pending against it and given my HMDA findings on Citibank I am convinced that even if this were a standard mega-merger it should not be allowed until these fair lending issues are addressed. Regarding Citibank, I am well aware that the Community Reinvestment Act is mostly about making credit available in low-and moderate-income areas, however it is stated in the legislation that "in arriving at an institutions (CRA) rating the agencies consider whether there is evidence of discrimination in violation of the Fair Housing Act or the Equal Credit Opportunity Act or evidence of other illegal credit practices." I am also well aware that HMDA has never been used to prove discrimination, however as my analysis shows, the data can point to patterns that need further investigation.

Before going on with this merger I request that HUD investigate Travelers underwriting criteria in other urban areas where it writes policies to determine if there are possibly hidden discriminatory patterns that prevent protected classes from getting property insurance. I also request that the Federal Reserve look at CitiCorp entities underwriting criteria for the three HMDA reportable loan types to see if what is responsible for the banks' poor showing among Black borrowers across New York State.

second point:

se ties

WHY CAN THIS MERGER OCCUR SINCE HR10 IS NOT YET LAW?

go

this .

Proposed merger is illegal. Under current US law banks and insurance companies are not

alone is

to merge.. This prohibition dates back to the Depression when the Glass-Steagall Act

was placed to protect banks from the instability of the marketplace. This instability still

may.

to

Under current law a waiver would have to be granted that would force Travelers to divest itself

ive to

of its insurance business which accounted for (according to the New York Times), 47% of its

e

revenue each year. The divestiture must occur within two years sometimes extensions of up to five

years are granted. Or CitiCorp could abandon its banking charter and rely on Travelers S&L

to operate for its banking business. Neither one of these scenarios seems too likely. What does

the evidence say is that Citicorp and Travelers will continue their furious multi-million dollar lobbying

t

in Congress to insure the prompt passage of HR10.

John

Brings me to my third and final point:

WHAT HR10 ISSUES SHOULD BE ADDRESSED BEFORE ITS PASSAGE?

rating

As the Cottle wrote in the March issue of the Washington Monthly, prior to last summer few

panies,

people could have told you what continent Thailand is on, much less what its' financial system

tment

was like at starting in early July when the baht fell through the floor, bringing the once robust

Thailand has

economic recovery with it, we all had reason to look at a map.

private

could be

fully explored.

2. Before allowing HR10 to pass the Government Accounting Office should examine safety and soundness issues associated with mixing banking, insurance and securities. What are the anti-trust and lending objectivity issues around this mixing. Would borrowers be forced to buy their homeowners insurance from the bank that grants them a mortgage? Recent GAO reviews have found that the current financial regulatory system isn't really equipped to deal with existing institutions, much less modernized ones. Lets take some time on this.

I am opposed to this merger for three reasons:

The fair lending records of the two applicants.

The illegality of the merger.

The potential power of HR10 to destabilize the American economy.

The United States is a strong democracy which has stood through times of great turmoil. In my humble opinion our regulated banking system is one reason why. Lets keep it that way.

Thank you.

Ged

Testimony On Citibank-Travelers Group Merger
Friday June 27, 1998 Federal Reserve Bank of New York
By Gregory D. Todd
BEC New Communities HDFC, Inc.

My name is
I would like to thank the Federal Reserve Bank of New York for sponsoring this hearing today. I very much appreciate the opportunity to speak on behalf of BEC New Communities.

BEC is a 14 year old ~~community~~-based non-profit housing group. To date we have developed about 900 units of housing from city-owned properties. In so doing we have invested almost \$100 million in the communities of Bedford-Stuyvesant, Crown Heights and Sunset Park. In addition we sold over 200 units of ownership housing, including both condominiums and 2 and 3 family homes. BEC also sponsors a community-based credit union with over 2,000 members and \$2.2 million in assets. Our organization grew out of an interdenominational organizing effort. BEC stands for "Brooklyn Ecumenical Cooperatives".

I personally came to Brooklyn about 20 years ago from Michigan. Before coming here, I completed a masters in business administration degree and worked briefly in a bank. I had heard much of Citibank. I knew it to be a leader in the area of consumer banking, having been one of the first banks to issue credit cards and one of the first to make extensive use of automatic teller machines.

I had such faith in Citibank that it is where I opened my checking and savings accounts and where I currently have a mortgage.

Unfortunately, in recent years I feel, Citibank's vision has become less focussed on its home here in New York and more directed to a national and international audience.

The branch I used to keep my accounts, on 13th Street and Fifth Avenue in Brooklyn was sold to Home Savings (now a part of Greenpoint Bank) about 15 years ago. Shortly thereafter, Citibank expanded the number of ATM's at its branch in Park Slope, a more affluent area. This pattern appears typical of what it is doing throughout the city.

Citibank maintained 20 branches in Brooklyn in 1996 (that number is now down to 15, of which only 12 are full-service). The total amount of deposits held by these branches was \$ 2.1 billion. According to Home Mortgage Disclosure Act data provided by RTK Foundation, during 1996 Citibank received 1,228 mortgage applications from Brooklyn residents. Of these, it actually approved 547, or 44.5% of the applications taken. By comparison, in 1996 among banks in Brooklyn taking at least 10 applications, the overall approval rate was 52%.

1.5% percentage points above Citibank's rate approval

Assuming an average loan amount of \$150,000, Citibank returned to its communities in Brooklyn about \$82 million in mortgages in 1996. This amounts to about 3.9 cents in lending for each dollar deposited.

As a leading community group in Brooklyn, BEC feels that Citibank needs to do better. Rather than reaching out to lend in the developing countries around the globe, why not lend in the developing neighborhoods in Brooklyn, many of whose residents are immigrants who left those developing countries that Citibank appears so eager to lend to?

We feel it is time that Citibank returned to its role as an innovative leader right here in New York. If Citibank wants to take the deposits of Brooklyn residents, it should be willing to give back it's fair share in loans to our community.

Thank you for your consideration.

at \$12 million in lending

over
→ I must add that of the 200 mortgages given to purchasers of BEC developed homes, none was granted by Citibank. Similarly, of the \$100 million ~~invested by BEC~~ *in construction lending used* by BEC ~~for~~ residential construction, none was from Citibank.

1996 Home Purchase Lending

CitiCorp Affiliates/Subsidiaries with at Least 30 Applications Per Market

	<i>This Lender</i> # of Applications	<i>All MSA Lenders</i> # of Applications	<i>This Lender</i> % of Total	<i>This Lender</i> Applications from Blacks	<i>All MSA Lenders</i> # of Applications	<i>This Lender</i> % of Total	<i>This Lender</i> Black to White Denial Ratio	<i>All MSA</i> Black De
Citibank (NYS)								
Albany-Schenectady-Troy	0	12,500	0.0%	N/A	366	N/A	N/A	
Binghamton	0	3,608	0.0%	N/A	46	N/A	N/A	
Buffalo	119	13,113	0.9%	10	956	1.0%	3.3	
Dutchess	0	3,628	0.0%	N/A	167	N/A	N/A	
Elmira	0	1,277	0.0%	N/A	19	N/A	N/A	
Jamestown	0	1,805	0.0%	N/A	14	N/A	N/A	
Long Island	0	39,678	0.0%	N/A	2,913	N/A	N/A	
New York	0	68,237	0.0%	N/A	10,677	N/A	N/A	
Orange	0	4,265	0.0%	N/A	202	N/A	N/A	
Rochester	77	16,276	0.5%	11	960	1.1%	9.6	
Syracuse	0	11,224	0.0%	N/A	302	N/A	N/A	
Utica	0	3,641	0.0%	N/A	65	N/A	N/A	
Citibank Mortgage								
Albany-Schenectady-Troy	0	12,500	0.0%	N/A	366	N/A	N/A	
Binghamton	0	3,608	0.0%	N/A	46	N/A	N/A	
Buffalo	49	13,113	0.4%	1	956	0.1%	0.0	
Dutchess	0	3,628	0.0%	N/A	167	N/A	N/A	
Elmira	0	1,277	0.0%	N/A	19	N/A	N/A	
Jamestown	0	1,805	0.0%	N/A	14	N/A	N/A	
Long Island	600	39,678	1.5%	26	2,913	0.9%	4.3	
New York	766	68,237	1.1%	86	10,677	0.8%	2.5	
Orange	0	4,265	0.0%	N/A	202	N/A	N/A	
Rochester	0	16,276	0.0%	N/A	960	N/A	N/A	
Syracuse	0	11,224	0.0%	N/A	302	N/A	N/A	
Utica	0	3,641	0.0%	N/A	65	N/A	N/A	
Citibank N.A.								
Albany-Schenectady-Troy	0	12,500	0.0%	N/A	366	N/A	N/A	
Binghamton	0	3,608	0.0%	N/A	46	N/A	N/A	
Buffalo	0	13,113	0.0%	N/A	956	N/A	N/A	
Dutchess	0	3,628	0.0%	N/A	167	N/A	N/A	
Elmira	0	1,277	0.0%	N/A	19	N/A	N/A	
Jamestown	0	1,805	0.0%	N/A	14	N/A	N/A	
Long Island	544	39,678	1.4%	25	2,913	0.9%	3.0	
New York	1,764	68,237	2.6%	136	10,677	1.3%	2.6	
Orange	0	4,265	0.0%	N/A	202	N/A	N/A	
Rochester	0	16,276	0.0%	N/A	960	N/A	N/A	
Syracuse	0	11,224	0.0%	N/A	302	N/A	N/A	
Utica	0	3,641	0.0%	N/A	65	N/A	N/A	

1996 Refinance Lending

CitiCorp Affiliates/Subsidiaries With At Least 30 Applications per Market

	<i>This Lender</i> # of Applications	<i>All MSA Lenders</i> # of Applications	<i>This Lender</i> % of Total	<i>This Lender</i> Applications from Blacks	<i># MSA Lenders</i> # of Applications	<i>This Lender</i> % of Total	<i>This Lender</i> Black to White Denial Ratio	<i>All MSA Lenders</i> Black to White Denial Ratio
Citibank NYS								
Albany-Schenectady-Troy	53	10,190	0.5%	0	140	0.0%	N/A	1.5
Binghamton	0	1,659	0.0%	N/A	8	N/A	N/A	0.7
Buffalo	581	13,537	4.3%	16	938	1.7%	2.2	2.4
Dutchess	0	2,630	0.0%	N/A	56	N/A	N/A	1.4
Elmira	0	907	0.0%	N/A	12	N/A	N/A	1.0
Jamestown	0	1,660	0.0%	N/A	4	N/A	N/A	2.4
Long Island	0	35,715	0.0%	N/A	1,261	N/A	N/A	1.7
New York	0	53,977	0.0%	N/A	5,056	N/A	N/A	1.5
Orange	0	3,420	0.0%	N/A	50	N/A	N/A	1.7
Rochester	579	12,428	4.7%	17	580	2.9%	3.7	1.8
Syracuse	70	7,111	1.0%	0	148	0.0%	N/A	1.6
Utica	0	2,901	0.0%	N/A	10	N/A	N/A	2.3
Citibank Mortgage								
Albany-Schenectady-Troy	0	10,190	0.0%	N/A	140	N/A	N/A	1.5
Binghamton	0	1,659	0.0%	N/A	8	N/A	N/A	0.7
Buffalo	45	13,537	0.3%	1	938	0.1%	8.8	2.4
Dutchess	0	2,630	0.0%	N/A	56	N/A	N/A	1.4
Elmira	0	907	0.0%	N/A	12	N/A	N/A	1.0
Jamestown	0	1,660	0.0%	N/A	4	N/A	N/A	2.4
Long Island	200	35,715	0.6%	6	1,261	0.5%	1.9	1.7
New York	225	53,977	0.4%	33	5,056	0.7%	2.0	1.5
Orange	0	3,420	0.0%	N/A	50	N/A	N/A	1.7
Rochester	0	12,428	0.0%	N/A	580	N/A	N/A	1.8
Syracuse	0	7,111	0.0%	N/A	148	N/A	N/A	1.6
Utica	0	2,901	0.0%	N/A	10	N/A	N/A	2.3
Citibank N.A.								
Albany-Schenectady-Troy	0	10,190	0.0%	N/A	140	N/A	N/A	1.5
Binghamton	0	1,659	0.0%	N/A	8	N/A	N/A	0.7
Buffalo	0	13,537	0.0%	N/A	938	N/A	N/A	2.4
Dutchess	0	2,630	0.0%	N/A	66	N/A	N/A	1.4
Elmira	0	907	0.0%	N/A	12	N/A	N/A	1.0
Jamestown	0	1,660	0.0%	N/A	4	N/A	N/A	2.4
Long Island	1,963	35,715	5.5%	52	1,261	4.1%	2.9	1.7
New York	3,793	53,977	7.0%	255	5,056	5.0%	2.0	1.5
Orange	53	3,420	1.5%	Race Not Reported	50	N/A	N/A	1.7
Rochester	0	12,428	0.0%	N/A	580	N/A	N/A	1.8
Syracuse	0	7,111	0.0%	N/A	148	N/A	N/A	1.6
Utica	0	2,901	0.0%	N/A	10	N/A	N/A	2.3

Good Morning. My Name is Mark Winston Griffith and I am the founding Executive Director of the Central Brooklyn Partnership and was the founding Chairman of the Board of the Central Brooklyn Federal Credit Union. The Partnership serves the neighborhoods of Fort Greene, Clinton Hill, Bedford Stuyvesant, Crown Heights, Brownsville, Prospect Heights, East Flatbush and Flatbush. The Partnership

I have a confession to make. When I first learned of these hearings, I was planning to be out of town, out of reach or just plain out. As I saw it, I would have to be out of my mind to show up today and testify. No matter what stance I take on what is probably the most important merger prospect within the financial services industry since CRA was enacted, ^{me} and my organization are sure to be dragged through the mud, one way or another, as a result of my testimony. To go on record against this proposed merger might be perceived as dismissing and betraying the efforts of one of the strongest supporters of my organization and of the Community Development Credit Union industry, which of course is Citibank. To advocate for the merger could risk ignoring some glaring threats to consumer interests and more specifically, to my community, an area that has endured its own history of betrayal and dismissals. But ultimately, staying home while the future of financial services as we know it is to be discussed would be both a disservice to my colleagues at Citibank and the people of Central Brooklyn. Simply put, too much is at stake and as one of the few organizations in Central Brooklyn that has an explicit mandate to serve as community reinvestment advocate and watchdog, staying home, now matter how convenient, would be irresponsible and ultimately unconscionable.

I'm sure I don't have to tell you that Central Brooklyn has been a long standing victim of bank redlining, discrimination and disregard. In the nation's largest black community, in the last ten years alone, we have seen twice as many bank branches close as we have seen open. Nationally there is one bank branch for every 5,000 people, in Central Brooklyn there is one bank branch for every 23,000 people. A now somewhat outdated study of bank lending showed that for every dollar deposited in local banks, less than one penny was reinvested back into the community. Check cashing operations ^{invariably step in} fill the void and in Central Brooklyn there are more than twice as many check cashing operation as there are bank branches.

Into this ^{environment came} void stepped the Central Brooklyn Partnership in 1991. The Partnership provides education and training around financial literacy issues and organizes and advocates ^{on behalf of a void} on behalf of a void community reinvestment issues. The Partnership runs ^{the} Youth Empowerment Program, a leadership development and financial education program for young people, the Sisters Lending Circle a financial self-sufficiency support group for women who receive public assistance and a economic justice program which conducts research on local financial patters and serves as a CRA watchdog. In 1993 the Partnership created the Central Brooklyn Federal Credit Union a financial cooperative that serves more 5000 people who live, work ^{and} do business in Central Brooklyn, has almost 5 million in assets and has made millions of dollars of loans over the past five years.

And yet the Credit Union, while one of the largest community development financial institutions in all of New York City, struggles on many different levels to remain healthy and robust in a credit parched area. Since the beginning, Citibank has been there for us. As one of our first non member investors Citibank helped capitalize the Credit Union and enabled us to make low-interest

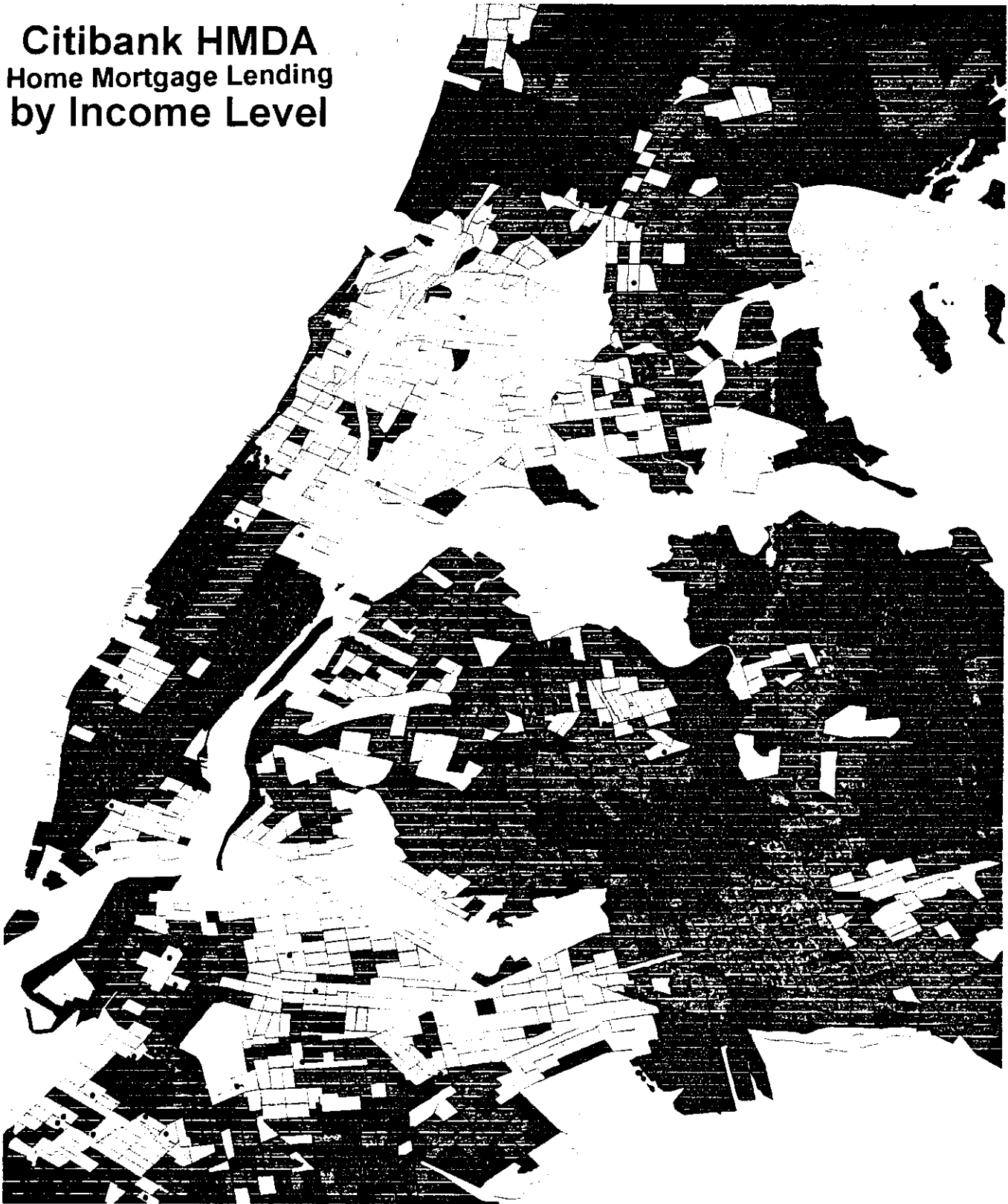
personal and small business loans to our membership almost immediately upon the Credit Union's opening, with its zero interest deposit of \$100,000. Eager to support us in our early growth period, Citibank made a grant of \$10,000. Over the years we have also received several grants for our youth program, participated in a Citibank technical assistance program for not-for-profit community developers and have turned to people like Janet Thompson for advice. And as you know through the testimony of the National Federation of Community Development Credit Unions, Citibank has made a sizable investment in community development credit unions nationwide and Central Brooklyn is scheduled to receive a \$55,000 Citibank equity grant. And, depending on how Citibank responds to the rest of my testimony, I plan to make additional requests for grants for the Partnership and deposits for the Credit Union.

Unequivocally, Citibank has been a leader and full partner in our organizational effort to rebuild the economy of Central Brooklyn. But while my organization quickly turns Citibank's investments in the Partnership into instruments that vastly improve the quality of people's lives, it would be arrogant and narrow-minded to conclude that meeting organizational needs fulfills a financial institutions obligation to the people of low and moderate income neighborhoods. Let's be real, Community Reinvestment and the consideration of mergers is not just about measuring a bank's support of neighborhood based community-based efforts, no matter how impressive. Its also more importantly about the quality, accessibility and affordability of a banks financial products and what the sum of this proposed merger's parts mean for the future survivability of my community. On that count I have deep-seated fears and reservations. I am concerned that Citibank's record of mortgage-lending, once the best in Central Brooklyn, has fallen precipitously over the last ten years. I am concerned with Citibank's growing complacency in my neighborhood and its most recent failure to participate in an important fundraising consortium to support the Credit Union because it placed more value on its rivalry with Chase than on the future of my institution and the people it serves. I am concerned with Citibank's prohibitively high fees for its consumer retail services such as checking where there is no low-to-mid-range pricing between life-line and the ridiculously expensive no-fee checking. I am concerned that Citibank's increasingly global banking strategy is coming at the expense of communities like Central Brooklyn and that this merger will make them even less focused on our needs. I am deeply suspicious of any community reinvestment pledge, 115 billion or otherwise, made while a merger is being considered. And I am disgusted at the way this proposed merger, which at this moment in time is illegal, has been treated as a foregone conclusion possibly turning this hearing into a cynical exercise of yet again watching the restless natives jump up and down and shout ugh-bugah. I think that ACORN had the right idea yesterday when they came in here, shut the place down for moment, and made us consider whether we even have the slightest bit of power to affect the direction of this monumental decision.

I for one am not going to go home and passively sit by while the fate of my community is relegated to a deal cut in a corporate hallway. I again acknowledge Citibank's financial support of Central Brooklyn through my two organizations, one of which makes loans to people that every other lender has abandoned. This is a testament to Citibank's community reinvestment record and I bear witness. God knows I hope this support continues and that Citibank approves the grant and deposit request that I plan to submit next week. But at the risk of sounding ungrateful, that's not enough. My recommendations are simple and broad: I challenge Citibank to

either be a more aggressive supporter of community development, make more mortgage and small business loans in my neighborhood and provide products that can be more widely used by people of low and moderate income or give up its merger plans. I know you have the power and resources. Use them. I challenge the Federal Reserve to enforce this, set higher standards for the consumption of this merger proposal and not be seduced or rolled over by the seeming inevitability of this deal . Don't sacrifice my neighborhood for the sake of making financial history.

Citibank HMDA Home Mortgage Lending by Income Level



citi loans
• 1 Dot = 1
% MFI
----- very low
low
moderate
middle+upper

SOURCE: Citibank's 1996 Home Mortgage Disclosure Act (HMDA) data for New York City Metropolitan Statistical Area.

GREATER **Jamaica**
Development CORPORATION

Federal Reserve Bank of New York

**Public Meeting
on
Travelers Group Inc. Acquisition of Citibank
June 26, 1998**

**Statement
F. Carlisle Towery
President
Greater Jamaica Development Corporation**

Greater Jamaica Development Corporation (GJDC) is a private, not-for-profit local development organization whose mission is to encourage and facilitate the economic recovery and revitalization of downtown Jamaica and its environs.

GJDC was formed in 1967 by business, civic and community leaders -- including commercial banks -- and has worked since that time in close partnership with all sectors to carry out the plan to transform Jamaica's older downtown into a modern center of business, commercial and industrial employment, higher education, the arts, transportation and housing improvements. This plan was prepared by Regional Plan Association, City government, and local leaders to service some half-million residents who live in 21 neighborhoods around this downtown.

We appreciate this opportunity. We are, after all, end-users of financial institution products and our community is the beneficiary when these products are shaped and tailored and prioritized to enable community development and to capacitate its practitioners.

My comments are to emphasize the involvement and support we have received from Citibank over the 31 years of our economic development and community reinvestment work in Jamaica. This community -- working to recover from a ten-year period, 1975 to 1985, of severe economic trauma, uncertainty and a general loss of public confidence -- has benefited significantly from Citibank's good works. It is not an overstatement to characterize the good works of this good corporate citizen as exemplary.

Citibank has provided strong and on-going leadership for Greater Jamaica Development Corporation's efforts, serving consistently on our Board with able senior representation which has been exceptionally active and involved. Citibank's contributions to our Board's activities have included a high level of intelligence and interest in our general governance, sponsorship of retreats, meetings and special events, chairs of committees,

provision of in-kind services – including a loaned executive for two years who helped us establish a special Revolving Loan Fund – advocacy with government, and financial contributions at leadership levels toward our general operations and for special projects.

Citibank has participated in the provision of local small business loans through our revolving loan fund, which is capitalized by the U.S. Economic Development Administration, NYS Empire State Development and the City of New York's Department of Business Services using federal Community Development Block Grant Funds. Citibank provided us with a mortgage loan for improving and refinancing our headquarter office building. Citibank has provided operating support, along with Board or other leadership, for three of our associated or affiliate organizations – Jamaica Arts Center, King Manor Museum and Jamaica Business Resource Center. Through their pioneering "Culture Builds Community" program and participation in the Arts Forward Fund, Citibank helped launch an arts initiative here called Cultural Collaborative Jamaica, and continues to support CCJ. They have provided leadership and support for York College, another key project for Jamaica in which we were instrumental.

Working with Citibank's people is inevitably a productive process for us. They are thoroughly professional, responsive and responsible, and eager to facilitate results -- to get things done. Their personal and corporate involvement in Jamaica have been material in the success of this community's revitalization. We were pleased with the new Citigroup's pledge of substantial resources for continued community development and with their assurances of a continued high level of involvement following the proposed acquisition.

As a long-term practitioner of local economic development – working in the trenches on the front-line, if you will – let me respectfully raise some matters and questions for the new Citigroup's consideration.

In our three decades of work in Jamaica – very challenging endeavors which are high in public purpose – only modest involvement has come from insurance companies and the investment banking community. GJDC enjoyed the services of a loaned executive from Metropolitan Life for a key project; the Merrill Lynch Foundation enabled start-up of an important industrial retention effort and Merrill Lynch has served for many years on our Board. But our experience suggests that the interests of the investment banking and insurance industries typically appears to be elsewhere, or only slightly related to urban economic or community development.

Thus, we are keen to know whether this acquisition will unleash the skills, know-how and resources of Travelers and of Solomon/Smith Barney on community development? And, if so, how?

- Will any of the products of the Travelers Group be tailored and focussed on community development objectives? For example, we would welcome the long-view of insurers in financing small real estate projects. And it would be very helpful for Jamaica's local economy if our community's small contractors were enabled to participate in the major construction projects underway in Jamaica through pre-qualification and special bonding methods.

- Will Salomon/Smith Barney devote its entrepreneurial know-how to places like Jamaica, bringing its professional skills to bear on community development? Many of our companies – perhaps most of them – are simply outside corporate America's "mainstream," often small and not well capitalized; many are minority and women-owned. But they are often energetic and with significant potential!

We would welcome a partnership with an investment bank to identify and nurture the special opportunities in Jamaica – opportunities being missed, we believe – to create markets there and the products to serve them. There should be ways and means to make these companies eligible for the capital markets!

For us, these are intriguing and proper questions for the new Citigroup given the special capacities it will have from combining commercial banking, insurance and investment banking.

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Dedicated to the future of Hartford.

June 24, 1998

Mr. William J. McDonough, President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045-0001

Dear Mr. McDonough:

My name is Samuel C. Hamilton. I am the Executive Director of the Hartford Economic Development Corporation and the Greater Hartford Business Development Center, Inc. of Hartford, Connecticut. These companies provide technical assistance, loan packaging and subordinate debt financing for small and medium-sized businesses in Hartford and the surrounding region. Both organizations have provided loan assistance for business start-up and expansion projects located in low and moderate income neighborhoods. Since 1983, we've provided more than \$19.5 million in loan assistance, resulting in the creation of 833 new jobs and the retention of 1,674 additional positions. Since we are considered the lender of last resort, these much needed funds help to create jobs in companies that can provide goods and services - that ordinarily would not be accessible - to the residents of their community. Of the 450 clients we serve annually, more than 60% of our loans are given to minority and women-owned businesses.

The ability of the Economic Development Corporation and Business Development Center to provide services at no charge for more than 20 years is directly related to the support of outstanding corporate citizens like Travelers. In our early years, Travelers donated management and technical resources to our firm. Travelers also provided \$1 million to fund a loan pool targeted for women and minority owned business at a time when open access to capital for these groups was questionable. Travelers has consistently been represented on our Boards of Directors and has helped share our growth and contribution to the community.

Page 2


On January 1, 1997, Travelers converted its original low-interest loan of \$1 million to a grant. This generosity will enable our organization to continue to revolve this loan pool for a considerable period of time.

As you might expect, Travelers involvement in our community has not been limited to just the companies I represent. A \$100,000 grant in 1986 to the Connecticut Small Business Development Center, and funding for the Women's Business Enterprise Specialist program have enabled these organizations to flourish and become the Entrepreneurial Center at the Hartford College for Women. This program has become a national model for helping women entrepreneurs gain self sufficiency. The Center continues to be a collaborative effort between corporate, public and private entities. In 1997, the Travelers Foundation gave the Entrepreneurial Center a \$75,000 grant to help provide small-business loans for women.

Lastly, as Chairman of the Board of the United Way of the Capital Area, I have seen first hand Travelers' commitment to assuring that those with the greatest needs and the least resources are served by the United Way Agencies in our community. In the last four years alone Travelers' employees have contributed more than \$3 million through the Community Campaign. Add to that Travelers' corporate gifts and the four-year total jumps to more than \$4.2 million. Travelers' corporate involvement is consistently positive in most, if not all areas of concern in Hartford and the region.

It is for these reasons and others too numerous to mention in the time allotted, that I speak in favor of the combining of Citicorp and the Travelers. I am certain that the new entity will do even greater good than is being done in the communities they serve.

Respectfully submitted,



Samuel C. Hamilton
Executive Director

SCH/fp

Testimony at Federal Reserve Board Public Meeting
Regarding Proposed Merger of
Travelers Group Inc. and Citicorp
Friday, June 26, 1998



COORDINATING
COUNCIL *for*
FOUNDATIONS

I am Nancy Roberts, president of the Coordinating Council for Foundations, a regional association of more than 80 corporate foundations and giving programs, independent foundations, community foundations and federated funds serving Connecticut. The Council's mission is to promote and support effective philanthropy for the public good in Connecticut.

As head of the organization that supports, provides data on and information about the organized grantmaking community in Connecticut, I am in a position to observe and comment on the corporate social investment of Travelers as well as other corporate entities in the state.

Travelers has historically been an important contributor to organizations in the Hartford area that heal, educate, entertain and inspire – and its support has been steadfast.

The headquarters community usually receives the greatest corporate support. However, after the merger of Travelers and Primerica, Greater Hartford was still the beneficiary of sizeable corporate support.

Most recently, within the past four years Travelers has provided significant support through its foundation in the area of education, from early childhood through college years.

Let me give you some examples.

Following the merger with Primerica, Travelers quickly brought to Hartford the academy programs which had been successfully provided in other parts of the country. The Academy of Finance at Weaver High School not only became a success story in its own right, but provided the model and design that stimulated the development of other academy programs supported by other corporations and the state of Connecticut in the two other high schools in Hartford.

85 Gillett Street

Hartford, CT 06105

Phone: 860-525-5585

Fax: 860-525-0436

E-mail: ccf@hartnet.org

<http://www.hartnet.org/ccf>

A three-year commitment to the Hartford Public Schools for instrument repair, replacement and music instruction provided much needed support to a neglected program for the cultural enrichment of children in Hartford.

In January 1998, Travelers donated 30,000 square feet of space in their Education Center to the University of Connecticut for three years to support business education. In addition, they will provide a scholarship fund and paid internships for high school and college level students. This effort exemplifies Travelers' efforts to link educational opportunities for students to job opportunities.

In addition to the above mentioned commitments to public education, the Travelers Foundation contributes to community-based tutoring and mentoring programs for children and youth, arts and cultural programs, and health programs totaling more than 1.4 million dollars in 1997.

Matching gifts to educational institutions have been replaced with a program which both encourages and rewards employees who contribute volunteer time in their community. With all of the downsizing of the number of employees which has happened in the Greater Hartford area, one of the least discussed but most strongly felt effects has been the loss of volunteers in direct service and on boards of nonprofit organizations. In many corporations, employees have not been encouraged to participate outside of their workplace.

But Travelers Volunteer Incentive Program provides a strong message that it is not only "ok" to volunteer but that it is important to give back to one's community. Employees may request up to \$1500 on behalf of the charitable organization for which they volunteer. And the amount received further encourages participation since grants are based on longevity with the organization and hours of service. In 1997 over 60 employees took advantage of this program with an additional \$30,000 contributed to charitable organizations.

The nonprofit community also has benefited from Travelers' generous in-kind support, including opening its space in the Education Center for conferences, programs and events of community organizations. One recent event for which Travelers provided space and technical assistance was the Greater Hartford Area Child Care Collaborative's Quality Child Care Teacher Award, which recognized and rewarded the best early childhood teachers in Greater Hartford.

The final area I would like to touch on is the Travelers' support for the civic infrastructure of the Greater Hartford community. Travelers has been a founder and key player in important civic efforts including the Capital Region Growth Council, which was developed to stimulate economic growth in the Greater Hartford region, and Riverfront Recapture, an effort to reconnect the Hartford area towns and cities to the Connecticut River. Along with the grants, in-kind and human resources, these civic efforts support an enhanced quality of life in the Greater Hartford region.

In closing, I would like to reiterate that in my experience, Travelers has exhibited an ongoing strong commitment to Greater Hartford, and I expect this commitment will continue.

**TESTIMONY PRESENTED TO THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE COMMISSION
(Regarding the proposal by Travelers Group, Inc. to acquire Citicorp)**

***By: Abdul-Rahmaan Muhammad, MSW
Senior Vice President - Community Support Services
Diversity Manager***

The Village for Families & Children, Inc.

1680 ALBANY AVENUE - HARTFORD, CONNECTICUT 06105

(860) 297-0571

June 26, 1998

(At 33 Liberty Street, New York, New York)

MY NAME IS ABDUL - RAHMAAN MUHAMMAD, I AM HERE IN MY ROLE AS THE SR. VICE PRESIDENT FOR COMMUNITY SUPPORT SERVICES AND DIVERSITY MANAGER FOR THE VILLAGE FOR FAMILIES & CHILDREN, INC.

I AM PLEASED TO HAVE THE OPPORTUNITY TO PARTICIPATE ON THIS PANEL AND PROVIDE INFORMATION RELATING TO FACTORS THE BOARD IS REQUIRED TO CONSIDER UNDER THE BANK HOLDING COMPANY ACT.

I APPEAR BEFORE YOU, ON BEHALF OF THE VILLAGE FOR FAMILIES AND CHILDREN, INC. - LOCATED IN HARTFORD, CONNECTICUT AND ITS PRESIDENT - MR. WILLIAM A. BAKER. I EXPRESS MY APPRECIATION FOR THIS OPPORTUNITY TO PRESENT TESTIMONY PERTAINING TO "CONVENIENCE AND NEEDS OF THE COMMUNITIES TO BE SERVED." I WILL ALSO BRIEFLY ADDRESS OUR LONG AND BENEFICIAL RELATIONSHIP WITH THE TRAVELERS.

AS ONE OF THE OLDEST HUMAN SERVICE AGENCIES IN THE COUNTRY. THE VILLAGE HAS BEEN AT THE FOREFRONT OF THE DEVELOPMENT AND PROVISION OF QUALITY SOCIAL & HUMAN SERVICE. THE VILLAGE HAS BEEN A KEY LEADER IN THE PROCESS OF MEETING HUMAN NEED, FOR MORE THAN 185 YEARS.

WITH A CADRE OF TRAINED, EXPERIENCED AND DIVERSIFY QUALIFIED PROFESSIONAL AND PARA-PROFESSIONAL THE VILLAGE HAS BEEN INFLUENTIAL IN RESEARCH, TRAINING AND SERVICE PROVISION.

OUR SERVICES RANGE FORM PROGRAMS FOR INFANTS TO THE ELDERLY. WE PROVIDE OUTPATIENT BEHAVIORAL AND MENTAL HEALTH COUNSELING; SPECIAL NEEDS ADOPTION AND SPECIALIZED FOSTER CARE SERVICES; EXTENDED DAY TREATMENT AND FAMILY PRESERVATION PROGRAMS; FAMILY REUNIFICATION AND RESIDENTIAL TEEN TRANSITION PROGRAMS; TEEN PREGNANCY AND FAMILY HOUSING ALTERNATIVE SERVICES; AND ADVOCACY ON BEHALF OF THOSE MOST NEEDY IN OUR COMMUNITY.

WITHIN THE LAST FIVE YEARS, WE HAVE BECOME INCREASINGLY FAMILY CENTERED AND CHILD FOCUSED. WORKING WITH COLLABORATORS, AND AFFILIATES, WE HAVE BEEN SUCCESSFUL IN IMPLEMENTING SEVERAL SCHOOL BASED FAMILY RESOURCE CENTERS.

THESE PROGRAMS HAVE BECOME "ONE STOP SHOPPING CENTERS" FOR COMPREHENSIVELY MEETING FAMILY NEEDS AND IMPROVING THE QUALITY OF LIFE, BY DEVELOPING COMMUNITY BASED RESOURCE.

OUR SERVICES AND PROGRAMS HAVE POSITIVELY IMPACTED THE LIVES OF THOUSANDS OF CLIENTS, CUSTOMERS AND CONSUMERS STATEWIDE. SUCH COST EFFECTIVE BENEFITS HAVE BEEN MADE POSSIBLE IN PART DUE TO PARTNERSHIPS AND SUPPORTS FROM PRIVATE INDUSTRY IN GENERAL AND THE TRAVELERS GROUP, INC. SUPPORT IN SPECIFIC.

THE TRAVELERS INVOLVEMENT AND SUPPORT TO THE VILLAGE HAS BEEN LONG STANDING AND CONSISTENT. FOR MANY YEARS, THEY HAVE MADE THE FINANCIAL DIFFERENCE IN OUR SUMMER ENRICHMENT SERVICES, AS A PART OF OUR EXTENDED DAY TREATMENT PROGRAM. IN THE MORE RECENT INVOLVEMENT, THE TRAVELERS HAS FUNDED SEVERAL PROJECTS IN OUR FAMILY RESOURCE CENTERS. SUCH PROJECTS INCLUDE, BUT ARE NOT LIMITED TO: OUR COMPUTER LAB AT THE NORTH HARTFORD - MARTIN LUTHER KING FAMILY RESOURCE CENTER, PARENT EDUCATIONAL SPECIALIST AND SUPPORT FOR RECREATIONAL TRIPS FOR OUR CHILDREN.

WITH SUPPORT FROM THE TRAVELERS, BOTH FINANCIAL AND HUMAN; WE HAVE BEEN ABLE TO MEET THE NEEDS OF CHILDREN NEEDING TUTORING IN THE SCIENCES; TEENS NEEDING MENTORS, MOTHERS NEEDING SUPPLIES AND LIVING SPACE; SENIORS NEEDING TRANSPORTATION TO SERVICES, AND FAMILIES FOOD AND GIFTS FOR CHILDREN DURING THE THANKSGIVING AND HOLIDAY SEASONS;

VOLUNTEERS FROM THE TRAVELERS HAVE BEEN CRUCIAL IN IMPROVING AND ENHANCING THE PROGRAM SITES FOR MANY OF OUR COMMUNITY BASE SERVICES. NOT ONLY HAS TRAVELERS PROVIDED SERVICES AT OUR PROGRAM SITES, THEY HAVE MADE AVAILABLE SPACE AT THEIR LOCAL OFFICES FOR TRAINING AND COMMUNITY BASED PROGRAMS. DURING A RECENT ANNUAL UNITED WAY SPONSORED VOLUNTEER PROGRAM CALLED "A DAY OF CARING" - SEVERAL OF THE TRAVELERS VOLUNTEERS PROVIDED AN FULL DAY OF SERVICE TO THE HUMAN SERVICE PROGRAMS IN THE COMMUNITY.

THE PAST LONG TERM PARTNERSHIP BETWEEN THE VILLAGE AND THE TRAVELERS, WHICH INCLUDES HUNDREDS OF THOUSAND OF DOLLARS AND STAFF INVOLVEMENT, LEAD US TO BELIEVE THAT A BIGGER AND BETTER TRAVELERS WOULD CONTINUE THE HIGH QUALITY OF SERVICES AND SUPPORTS, THAT HAVE BEEN PRODUCTS AND OUTCOMES OF THE PREVIOUS YEARS.

THEREFORE , THE VILLAGE FOR FAMILIES WOULD LIKE TO GO ON RECORD AS POSITIVELY SUPPORTING THE MERGER WITH CITICORP POSSIBLY LEADING TO THE POTENTIAL FOR GREATER CONTRIBUTION OF RESOURCES BOTH FINANCIAL AND HUMAN. IN OUR ESTIMATION, SUCH A SITUATION WOULD ONLY LEAD TO THE POTENTIAL ENHANCEMENT OF THE HUMAN CONDITION, THROUGH VOLUNTEER SUPPORT, QUALITY SERVICE PROVISION AND CONTINUED FINANCIAL CONTRIBUTION.

SHOULD YOU HAVE QUESTIONS, I WOULD BE PLEASED TO ADDRESS THEM, OTHER WISE, ON BEHALF OF THE VILLAGE FOR FAMILIES & CHILDREN, INC. I AGAIN EXPRESS OUR APPROCIATIONS FOR THIS OPPORTUNITY.



Brooklyn Chamber of Commerce

**PUBLIC MEETING REGARDING CITICORP & TRAVELERS GROUP
Federal Reserve Bank of NY
June 26, 1998**

Good Morning

I am Jennifer Adolph Blum, Director of Government Relations and Communications at the Brooklyn Chamber of Commerce. On behalf of the Brooklyn Chamber of Commerce, I am pleased to offer this testimony in support of Citibank and their pending merger with Travelers.

and advocate on behalf of Brooklyn's 35,000 businesses

The Brooklyn Chamber is a nonprofit membership organization founded in 1918. Our mission is to assist Brooklyn businesses in ways that promote commerce, stimulate economic growth and improve the quality of life throughout Brooklyn. We serve a diverse boroughwide membership uniting small and large businesses located throughout Brooklyn and beyond. Citibank has been an active Chamber member for almost half a century. Currently, two Citibank executives, Jill Kelly and Natalie Abatemarco, ~~serve on~~ *are very active members of* our Board of Directors. In fact, almost ten years ago Jill Kelly was the first woman elected to our Executive Committee.

In our view, Brooklyn, New York City and New York State would be hard-pressed to find a more community-minded, ~~socially responsible~~ financial institution. Citibank has an exemplary record of community outreach, customer service and economic and small business development. The bank is a proven leader in commercial revitalization and a respected provider of technical assistance to small businesses.

a program called

Citibank has funded several special innovative initiatives at the Brooklyn Chamber. The bank was an early and generous supporter of Good Help, a free employment service created to fill the needs of small businesses seeking to hire and retain qualified employees. At the same time, unemployed and under-employed individuals are assisted in finding quality employment which contributes to the overall economic growth of Brooklyn. Good Help works in conjunction with a citywide network

of non-profit training and placement agencies to produce a large pool of job-ready applicants. We are not aware of any other employment service or similar program in the City which focuses on finding employees for small businesses.

Citibank has also created an exciting new program run by the Chamber for the commercial revitalization of failing retail corridors. The approach of the Retail Strip Revitalization Initiative combines marketing assistance, physical improvements and market analysis to address the decline of traditional shopping areas whose stores cater to the needs of nearby residents. Their decline disrupts the vitality of otherwise stable and thriving neighborhoods. Citibank recognizes that retail strips which lack strong merchant associations, BIDs or LDCs to advocate on their behalf, coupled with increased vacancies and decreased foot traffic, need targeted redevelopment assistance. The commercial strip of Nostrand Avenue between Avenue W and Avenue Y in Sheepshead Bay is serving as the pilot project for this initiative.

Finally, Citibank is a strong supporter of Brooklyn Goes Global, the Chamber's international trade service. The program's mission is to help businesses create new jobs by increasing overseas sales of Brooklyn-manufactured goods. The program helps more than 90 Brooklyn manufacturers each month to increase their capacity to export by providing technical assistance, market research, and aggressive sales generation. Overseas sales for Brooklyn manufacturers result in increased product demand, ensure more stable business growth and add much-needed blue-collar jobs to the Brooklyn economy. Brooklyn Goes Global is a model program across the country.

The Brooklyn Chamber of Commerce supports Citibank and their merger with Travelers. The bank has an exemplary record as a good corporate citizen and an unparalleled commitment to community development. We believe that this commitment will continue and grow if the proposed merger is finalized. Thank you for your time and consideration.



News from STATE SENATOR

Catherine M. Abate

NEW YORK STATE SENATE • 27TH DISTRICT

For immediate release:
Friday, June 26, 1998

Contact: Karen Lin/Dan Lowenstein
(212) 298-5550; pager (917) 996-4220

ABATE RENEWS CALL TO END MANDATORY ARBITRATIONS

In the wake of a federal judge's decision to reject the settlement in the Smith Barney sexual harassment suit, Senator Abate joined with advocates to underscore the need to ban mandatory pre-dispute arbitration clauses in employment contracts as a condition to employment.

"All parties should use this opportunity to create a dispute resolution system that is fair for workers," Senator Abate said. "Any system that requires employees to give up their right to a day in court as a condition of employment is ultimately unfair and unconstitutional."

Senator Abate has introduced legislation which would ban mandatory arbitration in employment contracts as a condition to employment. "No New Yorker should have to check his or her civil rights at the door in order to get a job," Senator Abate said. "'The Employee Civil Rights Protection Act' will end this discriminatory practice and start to level the playing field between employer and employee."

Abate found that:

- * The American Arbitration Association, the nation's largest arbitration trade association, says the companies they provide arbitration for encompasses nearly 4 million employees;
- * About 40% of companies who use arbitration force their employees to sign mandatory arbitration contracts, according to the Federal General Accounting Office (GAO);
- * Having saturated the securities industry, mandatory arbitration is now spreading rapidly into almost all other occupations;
- * More than half of all employees may be bound by mandatory arbitration contracts by 2001, according to the General Accounting Office.

Catherine Abate is the Ranking Democrat on the Senate Investigations Committee.

**TESTIMONY BY NEW VISIONS FOR PUBLIC SCHOOLS
AT A FEDERAL RESERVE BOARD PUBLIC MEETING
REGARDING THE PROPOSED MERGER OF
CITICORP AND THE TRAVELERS GROUP, INC.**

June 23, 1998

26

My name is Gerry Vazquez, and I am Executive Vice President and COO of New Visions for Public Schools. I am representing our President, Beth Lief, who expresses her regrets at being unable to appear here today.

New Visions for Public Schools appreciates the opportunity to state our support of the proposed merger of Citibank and The Travelers Group, Inc., and more specifically, to inform you of the generous support both corporations have provided to New Visions. Citibank and The Travelers Group have demonstrated sustained commitment to community and educational initiatives. A merger of these institutions would only fortify our capacity to effect change.

Founded in 1989, New Visions for Public Schools is a non-profit organization that works with the New York City school system, the private sector and the community to mobilize resources and develop

programs and policies that lead to significant, lasting improvement in the achievement of all children.

Since 1990, Citibank has contributed a total of some \$214,700 to New Visions, supporting our efforts in a number of ways. The Citibank Success Fund Awards recognized exemplary teachers and principals with monetary awards for the winners and the winners' schools. The Citibank Success Fund Awards were presented at an impressive awards ceremony attended by invited guests that included an array of major community and education leaders. The awards consistently received favorable and extensive press coverage and brought to these educators an all too rare public acknowledgement and appreciation of their gifts and dedication.

Citibank helped to start a Tech Corps of students who learned how to repair technology and did so in schools as part of their community service project. Currently, Citibank is sponsoring the Citibank College Bound Program, which provides a comprehensive array of supports to disadvantaged city students who want to go to college. These students are often the first in their families to finish high

school. Citibank's money enables students to learn about colleges appropriate to their career plans and to visit them, to receive preparation for the SATs and to get help with college applications. This assistance is often what makes the difference in the students' ability to navigate the complex process of college selection and admissions successfully and to achieve access to higher education.

The Travelers Group has provided \$115,000 in major support for New Visions' Early Childhood Initiative, a program that combines in the same classroom children of all abilities, including those with disabilities. Operating in a range of city public schools representing different family incomes and backgrounds, this Initiative is demonstrating its viability as a model for diverse urban communities by making it possible for students of all abilities to successfully learn and excel together. Small classes with teams of teachers, special education experts and paraprofessional staff allow for a higher level of individualized instruction than can be provided in a conventional classroom.

Evaluations find that all children are benefiting, with even the

most severely handicapped children showing remarkable academic and social progress. High achieving students continue to perform at high levels.

The Travelers Group is to be commended for its readiness to invest in the Early Childhood Initiative. This highly innovative program breaks new ground in bringing together diverse groups of children, maximizing their strengths and unique contributions and achieving great benefits for each child. It's no wonder parents are pleased with the results and seek to have their children continue in the program.

Our relationships with Citibank and The Travelers Group have been truly excellent. They support public education and our work, and we believe this support will continue in the years ahead. They have demonstrated that excellence in our public schools is a priority among the city's private sector leaders.

In summary, we are strongly in favor of the merger, based on our own involvement with Citibank and The Travelers Group and their

**clear concern for serving the needs of our communities, our children
and our city's future.**

###

39-82 65th place apt 3i
Woodside, Queens
New York City 11377

Federal Reserve Bank of New York
33 Liberty Street
New York, New York

Att: Presiding Officer
Glenn E. Loney, Deputy Director
of the Federal Reserve Boards
Division of Consumer and
Community Affairs

Re: Travelers Group Inc.
Citicorp
Public Meeting
June 26, 1998

Dear Mr. Loney

Will the proposed acquisition cause the MANAGERIAL RESOURCES of Travelers to reform and correct what appears to be Citibank's obstruction of justice by failing from December 1995 thru June 25, 1998, almost two and one half years since my Attorney and the Attorney's for Citibank, N.A., Zeichner, Ellman & Krause signed on November 16, 1995 a Contractual Stipulation Settlement Agreement to provide in lieu of the Information Subpoena and to discontinue the Contempt of Court action against a vice president at Citibank, certain information. Attached herewith is a copy of my Attorney's letters of May 28, 1996 and an updated copy of same dated June 25, 1998 showing there failure to furnish the Contractually Agreed information despite the fact that Subpoena Duces Tecum's were properly served in accordance with the aforementioned agreement.

I have been unable to proceed to collect my Judgment of Jan. 20, 1995 in the amount of \$11,241. because I have effectively been denied the opportunity to recover my loss because of Citibank's failure.

Respectfully submitted

Shah ms

Mahesh Shah

Shah mahesh

*Richard Bruce Rosenthal
and Associates, P.C.
Attorneys at Law*

120-82 QUEENS BOULEVARD
KEW GARDENS, N.Y. 11415
(718) 261-0200

28 May 1996

To: Mahesh Shah
39-82 65th Place
Apt. 3I
Woodside, NY 11377

Dear Mr. Shah;

As I have previously advised you, a new subpoena was served upon Citibank on December 7, 1995 in accordance with the stipulation of settlement entered into with their attorney dated November 16, 1995.

To date Citibank has failed and refused to provide the records requested, though over 3 months have elapsed and despite repeated attempts by me to obtain such records. At this point, as there is no longer any proceeding pending before the Court, I would recommend that a new contempt proceeding be instituted thereunder in the Civil Court, Queens County seeking sanctions against Citibank.

Please contact me with instructions regarding this matter, I remain

Yours, etc.,


Richard Bruce Rosenthal, Esq.

6/25/98

*TO DATE NO PAPERS OR
DOCUMENTS IN REGARD TO ABOVE
MATTER HAVE BEEN REC'D BY THIS
OFFICE FROM CITIBANK THEIR ATTORNEYS
OR ANY REPRESENTATIVES OF CITIBANK*

**RICHARD BRUCE ROSENTHAL
& ASSOCIATES, P.C.**

*Richard Bruce Rosenthal
and Associates, P.C.
Attorneys at Law*

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Richard Bruce Rosenthal, Esq.

Notice: The powers granted by this document are broad and sweeping. They are defined in New York General Obligations Law, Article 5, Title 15, sections 5-1502A through 5-1503, which expressly permits the use of any other or different form of power of attorney desired by the parties concerned.

Know Everyone by These Presents, which are intended to constitute a GENERAL POWER OF ATTORNEY pursuant to Article 5, Title 15 of the New York General Obligations Law:

That I **Mahesh SHAH** 39-82 65th Place, Apt. 3i, Woodside, Queens, New York City 11377
(insert name and address of the principal)
do hereby appoint **Charles Siegel** P.O.Box 751066, Forest Hills, Queens, New York City 11375
(insert name and address of the agent, or each agent, if more than one is designated)

my attorney(s)-in-fact TO ACT

If more than one agent is designated and the principal wishes each agent alone to be able to exercise the power conferred, insert in this blank the word "severally". Failure to make any insertion or the insertion of the word "jointly" will require the agents to act jointly.

In my name, place and stead in any way which I myself could do, if I were personally present, with respect to the following matters as each of them is defined in Title 15 of Article 5 of the New York General Obligations Law to the extent that I am permitted by law to act through an agent:

[Strike out and initial in the opposite box any one or more of the subdivisions as to which the principal does NOT desire to give the agent authority. Such elimination of any one or more of subdivisions (A) to (L), inclusive, shall automatically constitute an elimination also of subdivision (M).]

To strike out any subdivision the principal must draw a line through the text of that subdivision AND write his initials in the box opposite.

- ~~(A) real estate transactions;~~ [MS] (H) claims and litigation: [.....]
- ~~(B) chattel and goods transactions;~~ [MS] ~~(I) personal relationships and affairs;~~ [MS]
- ~~(C) bond, share and commodity transactions;~~ [MS] ~~(J) benefits from military service;~~ [MS]
- (D) banking transactions; [.....] (K) records, reports and statements: [.....]
- ~~(E) business operating transactions;~~ [MS] ~~(L) full and unqualified authority to my attorney(s) in fact to delegate any or all of the foregoing powers to any person or persons whom my attorney(s) in fact shall select;~~ [MS]
- ~~(F) insurance transactions;~~ [MS]
- ~~(G) estate transactions;~~ [MS]
- ~~(M) all other matters;~~ [MS]

THIS POWER OF ATTORNEY is limited to all aspects of the Civil Court of the City of New York-County of Queens- Index # 22876 of 1994 regarding Citibank, Citicorp, etc, etc all corporations.

Charles Siegel is empowered to submit documents, exhibits, testify, answer questions, negotiate a settlement of my claim, all on my behalf and if in the event that happens or arises- to accept as final settlement of my claim any ~~check~~ check made payable to MAHESH SHAH ONLY and for Charles Siegel to sign on my behalf a Release to Citibank, Citicorp, etc, etc all corporations and to withdraw

1. any objections he has submitted for me and
2. Withdraw any & all testimony of his that he will present on June 26, 1998 including any document & exhibits submissions at the Public Meeting of Federal Reserve System at 33 Liberty Street, New York, New York concerning Travelers Group, Inc. and Citicorp.

Shesh Shah
MAHESH SHAH

Sworn to before me on
6-25-98
[Signature]

[Special provisions and limitations may be included in the statutory short form power of attorney only if they conform to the requirements of section 5-1503 of the New York General Obligations Law.]

Notary Public
Qualified in the County of Queens
Commission Expires on February 28, 2001

This power of attorney shall not be affected by the subsequent disability or incompetence of the principal.

To induce any third party to act hereunder, I hereby agree that any third party receiving a duly executed copy or facsimile of this instrument may act hereunder, and that revocation or termination hereof shall be ineffective as to such third party unless and until actual notice or knowledge of such revocation or termination shall have been received by such third party, and I for myself and for my heirs, executors, legal representatives and assigns, hereby agree to indemnify and hold harmless any such third party from and against any and all claims that may arise against such third party by reason of such third party having relied on the provisions of this instrument.

In Witness Whereof, I have hereunto signed my name and affixed my seal this 25th day of June 1998
Shesh Das (Seal)
(Signature of Principal)

STATE OF New York COUNTY OF Queens ss.:

On the 25th day of June 1998 before me personally came Makesh Shah

to me known, and known to me to be the individual described in, and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

DONALD MASTROPIANO
Notary Public in and for the State of New York
No. 4726079
Qualified in Queens County
Comm. Expires 06/01/01 2001

TO CHARLES SIEGEL

Power of Attorney
Statutory Short Form

Dated, June 25, 1998



NOW-NYC

The Founding Chapter

Press Advisory from NOW-NYC

FOR IMMEDIATE RELEASE
June 26, 1998

Contact: Galen Sherwin
(212) 260-4422

**NOW-NYC, LEAD PLAINTIFF PAMELA MARTENS, GLORIA
STEINEM APPLAUD FEDERAL COURT DECISION TO THROW
OUT SMITH BARNEY SETTLEMENT:
CALL FOR REVISION OF "KANGAROO COURT" PROVISIONS**

NOW-NYC, Lead Plaintiff Pamela Martens, Gloria Steinem, and other noted feminists today applauded Justice Constance Baker Motley's decision to throw out the settlement in the Smith Barney sexual harassment case. The case, involving 25 plaintiffs, gained notoriety for the "Boom Boom Room" in Garden City branch office, and grew to include complaints in 11 States. NOW-NYC, NOW NYS and several of the named plaintiff's in the suit protested the settlement, calling the proposed dispute resolution program a "Kangaroo Court" because of the requirement that victims of workplace discrimination or harassment go through an arbitration panel paid for by Smith Barney.

Gloria Steinem proclaimed in a statement, "Justice Motley's decision is an important defeat of the private court system that Smith Barney and the financial industry have tried to set up. Employees as well as employers must always have recourse to an independent judiciary. No one should be forced to choose between justice and McJustice."

Pamela Martens, the lead plaintiff in the suit and a vocal critic of the settlement, said, "Throughout the history of the legal profession, women have been coerced in to dirty settlements on bad advice. Today I am here to say to the women of America, take heart. Judge Motley's decision confirms my belief that it is okay to stand up for what's right, and to just say no."

"The defeat of this settlement marks a tremendous victory for all women," said Galen Sherwin, President of NOW-NYC. "Judge Motley's finding that the settlement terms were neither fair, reasonable nor adequate confirms what we have known all along: that the proposed settlement is a raw deal for victims of sexual harassment, and that it does not go nearly far enough in combating workplace harassment and discrimination."

It is amazing how soon we forget.

Pam
Martens

just 60 years ago that 4,835
banks went broke and
closed their doors, leaving shareholders
and depositors destitute. The underlying
reason that this happened was the lack of
moral courage by our regulators and elected
representatives to ~~reject~~ just say no to
powerful moneyed interests. Instead of
just saying "No" - Washington handed
the banks the equivalent of an ATM card
to the Fed's discount window to speculate
in stocks. ~~It was this type of banking~~
~~company~~ At a time when Japan, the
second largest industrialized nation, is
reliving the 1930s in America, complete with
banking insolvency, it is amazing and
preposterous that we should ~~be~~ discussing
pulling back Gas Stagell.

(1)

2

beholding to Wall St. for initial and secondary public offerings, recommended list rankings, and market-making liquidity provided by NASDAQ (the over-the-counter stock exchange.)

We also need to remember that the ^{political} dynamics that created the lockdrop for the banking meltdown in the 30s grew from ~~corruption~~ a corrupt cozy culture between ~~banking and securities~~ Wall St. and Washington, ~~and~~

U.S. Supreme Court Justice William O. Douglas, ~~who~~ who knew a little about this matter, having served as Chairman of the young, new SEC, ~~spoke~~ called it what it was — ~~the~~ Chicanery and Corruption.

Frank Vanderlip, an actual former President of National City Bank, wrote in the Saturday Evening Post that ~~there~~ ~~was~~ ~~an~~ ~~overall~~ ~~depression~~ of banking and securities ~~market~~ contributed to

at that time the stock market ~~going from a market~~ ~~value of \$99 billion in 1929 to 15 billion~~ losing 90% of its value from 1929 to 1933.

The public was so sickened by the ~~public~~ ^{but-bris} and corruption that an entire generation stayed away. It was not until 1954 — 25 years later — that Wall St. reached the peak it is in 1925.

(3) There is a compelling body of evidence that suggests a corrupt cozy culture has once again enveloped the Grains of Washington. We can hardly look to the supkeepers of the public trust ~~who~~ ~~they~~ are falling over themselves to reap campaign windfalls from Wall St.

~~No better example of the moral hazard that is incubating on Wall St exists than how our~~
Mark and regulators are quick to criticize moral hazard when it's on foreign shores. Let's look at the moral hazard incubating ~~in America~~ at Travelers and Smith Barney:

On 1/9/96

- (1) When the SEC and Justice Dept found that Smith Barney was one of 24 firms placing their own customers through ~~at least~~ ^{or more} years of price fixing, ~~no~~ ~~one~~ ~~was~~ ~~convicted~~, ~~no~~ ~~one~~ ~~went~~ ~~to~~ ~~prison~~.
- (2) Within the last two years, when a special prosecutor found that Smith Barney had misled the former U.S. Agric Sec, again no one went to jail.
- (3) The firm is currently under investigation by various municipalities for the fraudulent mark-up of Treasury securities. And that, in fact, is reason enough to hold up this merger ~~since~~ ~~a~~ ~~felony~~ ~~charge~~ since a criminal charge against a primary dealer of Treasury securities would carry the burden to a major with bank

(14)

And finally, as an 11-year employee
 of Smith Barney and the lead plaintiff
 in the infamous "Boom Zoom Room" suit
 I can personally attest that the management
 model espoused by Sanford Will ^{Quinn} and
 Thunders and James Rimer, ^{at} Chairman of Smith
 Barney, is nothing we would want to
 replicate at a money center bank or at a
 firm employing 160,000 people.

Sanford Will started in the brokerage
 business in 1962 with a firm called
 Carter Berlin Will and Smith. The Smith was
 Arthur Smith, who was Mr. Will's brokerage
 partner for 16 years. I believe Mr. Smith
 should recuse himself from the deliberation due
 to his long term relationship with Mr. Will.

As our suit lay out, women at Smith Barney
 were called witches and whores; were sexually
 and physically assaulted during the workday; were
 regularly subjected to vulgar, lewd and racist
 language. These charges have ~~been~~ come from
 branches coast to coast. Smith Barney's answer ~~to~~ to this suit -
 just as it answered, price fixing, bidding and yield burning is: "deny
 deny"

Yours
 Frank

11/11/91