

THOMAS R. CARPER, DELAWARE, CHAIRMAN

CARL LEVIN, MICHIGAN
MARK L. PRYOR, ARKANSAS
MARY L. LANDRIEU, LOUISIANA
CLAIRE McCASKILL, MISSOURI
JON TESTER, MONTANA
MARK BEGICH, ALASKA
TAMMY BALDWIN, WISCONSIN
HEIDI HEITKAMP, NORTH DAKOTA

TOM COBURN, OKLAHOMA
JOHN MCCAIN, ARIZONA
RON JOHNSON, WISCONSIN
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
MICHAEL B. ENZI, WYOMING
KELLY AYOTTE, NEW HAMPSHIRE

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

GABRIELLE A. BATKIN, STAFF DIRECTOR
KEITH B. ASHDOWN, MINORITY STAFF DIRECTOR

July 16, 2014

VIA U.S. MAIL & EMAIL (Faith.Burton@USDOJ.gov)

The Honorable Eric H. Holder, Jr.
The Attorney General
U. S. Department of Justice
Robert F. Kennedy Building
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Mr. Attorney General:

I write to seek an explanation for the provisions of this week's settlement between the Department of Justice (DOJ) and Citigroup. As you know, Citigroup played a major role in the 2008 financial crisis, selling mortgage-backed securities that it knew were risky even as it assured investors and creditors the securities were safe.

DOJ's settlement with Citigroup appears to be inadequate, neither wholly compensating investors nor sufficiently deterring similar behavior in the future. Citigroup reportedly traded around \$90 billion in mortgage-backed securities. Incredibly, of those mortgages, up to 60 percent may have been defective. The \$7 billion settlement – only \$2.5 billion of which is being paid to ordinary consumers – appears to fall far short of what Citigroup's actions cost homeowners and investors.

It is unclear what factors DOJ used in determining the \$7 billion figure, which represents a mere fraction of Citigroup's over \$1.8 trillion in assets reported at the end of 2013. The settlement also appears to be at least partially tax-deductible, potentially mitigating the settlement's significance to the bank. Moreover, while your comments have left open the possibility of criminal charges against individuals at Citigroup, the DOJ has yet to hold any individual officers, directors, or key employees at Citigroup accountable for their actions contributing to the financial crisis.

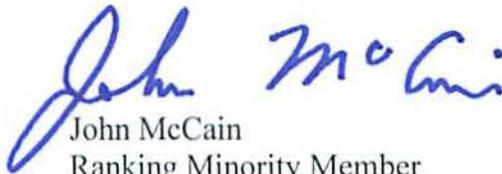
Citigroup's reckless behavior harmed investors and seriously injured our nation's economy, leading to a \$45 billion federal bailout. In the state of Arizona, the economy and housing market is slowly beginning to recover after being severely harmed by the 2008 financial crisis, caused in part by the actions at issue in this settlement. Failure to hold Citigroup and any of its officers, directors, or key employees responsible for their actions will only invite similar misconduct in the future.

In order to clarify aspects of the recent settlement, please provide responses to the following questions and requests for information:

1. Does the DOJ plan to pursue criminal charges against Citigroup or any officer, director or key employees at the bank in connection with the 2008 financial crisis? If not, why?
2. Does the settlement agreement preclude future civil or criminal actions against individuals at Citigroup? Why or why not?
3. Please explain the basis for the \$7 billion settlement amount and how it was structured, including an estimate of the damages suffered by investors resulting from Citigroup's actions.
4. Does the settlement contain any admission of wrongdoing on Citigroup's part? If not, will the DOJ separately pursue such an admission?
5. Please describe how aspects of the settlement related to consumer relief will be carried out, including who will be responsible for overseeing the process to ensure the aid reaches the appropriate consumers and homeowners in a timely fashion.
6. Will any portion of the settlement be tax deductible for Citigroup? If so, how will that tax treatment lessen the deterrent value of this settlement?

Thank you for your prompt response to this matter. If you have any questions or concerns, please contact Jack Thorlin, Counsel to the Minority, Permanent Subcommittee on Investigations, at 202-224-2224.

Sincerely,

A handwritten signature in blue ink that reads "John McCain". The signature is written in a cursive, flowing style.

John McCain
Ranking Minority Member
Permanent Subcommittee on Investigations