Sarbanes-Oxley retaliation complaint filed with the Occupational Safety and Health Administration by Richard Bowen against Citigroup.

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April 30, 2008

Dean W. McDaniel
Regional Administrator
OSHA
525 Griffin St., Suite 602
Dallas, TX 75202

Via hand delivery.

Re: **Complaint under Section 806 of SOX.**

Dick Bowen v. Citigroup, Inc.

Dear Mr. McDaniel:

Please process the following as a formal complaint under Section 806 of the Sarbanes-Oxley Act of 2002.

Statute:

Section 806 protects, of course, employees of publicly-traded companies from retaliation when they "provide information, cause information to be provided, or otherwise assist in an investigation" regarding three specific types of conduct: (1) a violation of 18 USC Section 1341, 1343, 1344, or 1348, (2) a violation of any rule or regulation of the Securities and Exchange Commission, or (3) a violation of any provision of Federal law relating to fraud against shareholders....". Sarbanes-Oxley Act of 2002 806(a), 18 U.S.C. 1514.

Complainant
Dick Bowen
Business Chief Underwriter
Real Estate Lending
Consumer Lending Group
4050 Regent Blvd.
M/S N2B-245
Irving, TX 75063

Corporate Respondent:
Citigroup, Inc.
Consumer Lending Group
4050 Regent Blvd.
Irving, TX 75063

Complainant has held the position of Business Chief Underwriter with Respondent's Real Estate Lending group since February, 2006. He still holds that position, although his duties have been significantly curtailed.

Summary:

Mortgage underwriting is an important component of Respondent's global business model. Starting in late 2007, problems associated with this aspect of Respondent's business practices began to surface, ultimately leading to:

- The forced resignation of its former Chairman and many of its senior executives; [1]
- The consolidation onto Respondent's balance sheet of $59 billion of mortgage-related risk assets, combined with significant write-downs of these assets in both Respondent's fourth quarter ('07) earnings release [2] and first quarter ('08) earnings release.[3] Significantly, these assets were previously off-balance-sheet items.
- By the current Chairman of its Executive Committee, a professed lack of knowledge of other suspicious, Enron-like practices; [4] and
- Current efforts by its new CEO to downplay the significance of existing mortgage-related underwriting problems.[5]

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[1] Floyd Norris, *Bank Profits Had Whiff of Suspicion*, The New York Times, November 16, 2007.
[2] See *Q4 2007 Citigroup Inc. Earnings Conference Call - Final* FD (Fair Disclosure) Wire January 15, 2008 Tuesday; http://www.citigroup.com/citigroup/press/2008/080115a.htm; (Citigroup press release).
[3] See *Q1 2008 Citigroup Inc. Earnings Conference Call – Final*, FD (Fair Disclosure) Wire April 18, 2008 Friday; http://www.citigroup.com/citigroup/press/2008/080418a.htm (Citigroup press release).
[4] Carol Loomis, *Robert Rubin on the Job He Never Wanted*, Fortune, November 26, 2007.
[5] Carol Loomis, *Can Anyone Run Citigroup?* Fortune, May 5, 2008.

All in all, Respondent's mortgage-related underwriting problems have resulted in a global corporate crisis for Respondent. This crisis continues today.[6]

Complainant alleges herein that his articulated concerns served as an "early warning" to Respondent's senior management, with regard to the seriousness of problems in Respondent's mortgage lending activities, and the existence of substantial additional off-balance sheet mortgage-related risk assets with possible exposure to losses which are currently unrecognized. Complainant further alleges herein that Respondent's reaction since 2006 has been a sophisticated, well-orchestrated attempt (1) to keep these issues internally contained; as well as (2) a vigorous effort to keep the same problems off the radar screen of responsible regulators, the financial press and the investing public.

Complainant further alleges herein that these efforts continue unabated.

For his efforts, Complainant has been the target of continuous adverse action, as detailed herein.

Tangible adverse employment action:

Complainant began to voice serious internal complaints in June of 2006. On or about the same time that Complainant's objections were being noted internally, his duties were being systematically reduced.

On January 31, 2008, he was advised that the last of his underwriting responsibilities had been taken away.

Protected Activity:

As will be documented in particular detail in the investigation to be instituted herein, Complainant's allegations with regard to the suspect business practices in question herein began in mid-2006, and led to specific allegations directed to Robert Rubin, Chairman of Executive Committee, David Bushnell, Senior Risk Officer, Gary Crittenden, Chief Financial Officer and Bonnie Howard, Chief Auditor. These concerns were forwarded to those individuals on November 3, 2007.[7]

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[6] Loomis, *Can Anyone Run Citigroup? Ibid.*

[7] See attached email of November 3, 2007 to the above-referenced senior executives, designated "Bowen Documents 5 & 6".

Beginning in mid-February of 2008, outside counsel for Respondent began an internal investigation into these allegations. This investigation is ongoing.

From the inception, Complainant's specific allegations involved potential violations of the federal securities laws, and thus conform to the predicate acts required by Section 806.

Date of most recent alleged retaliatory action:

On January 31, 2008, Complainant was advised of the most recent retaliatory action by Jeff Coffman, Chief Underwriter of Real Estate Lending for Respondent. During a previous conversation on January 15, 2008, Coffman indicated that Bill Beckmann and Fred Bader felt that Complainant's continuing objections to Respondent's business practices were "problematic." Both of these senior executives had been advised, beginning in 2006, of Complainant's issues.

Corporate service to be made on: See Certificate of Service, below.

Further details will be provided at a later date. Please send me your standard acknowledgement of receipt here.

CERTIFICATE OF SERVICE

The foregoing has been sent by electronic means (email) under Rule 5(b)(2)(D) to the following counsel for Respondents, on April 30, 2008. A courtesy copy has also been sent via email to Jerry Foster, Regional Supervisor, OSHA.

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Bowen, Dick [GCG-REO]

From: Bowen, Dick [GCG-REO]
Sent: Saturday, November 03, 2007 4:47 PM
To: Rubin, Robert E [CCC]; Bushnell, David C [CCC]; Crittenden, Gary [CCC]; Howard, Bonnie [CCC]
Cc: Bowen, Dick [GCG-REO]
Subject: URGENT -- READ IMMEDIATELY -- FINANCIAL ISSUES

TO: Robert Rubin, Chairman of Executive Committee
David Bushnell, Senior Risk Officer
Gary Crittenden, Chief Financial Officer
Bonnie Howard, Chief Auditor

Gentlemen:

I am currently (since early 2006) the Business Chief Underwriter for the Real Estate Lending Correspondent channel, which is within the Consumer Lending Group. From 2002 to 2006 I was SVP and Chief Underwriter for the Correspondent and Acquisitions channel within Citifinancial Mortgage. I am also licensed as a Certified Public Accountant in the State of Texas.

The reason for this urgent email concerns breakdowns of internal controls and resulting significant but possibly unrecognized financial losses existing within our organization.

Since mid-2006, I have continually identified these breakdowns in processes and internal controls. The REL Chief Underwriter (my 2006 manager) and I have widely communicated these breakdowns, with possible ramifications, in weekly reports, emails, and discussions (which included the CLG Chief Risk Officer). There have also been two special investigations by CLG Business Risk and Control (the first initiated by me), with the findings confirming these breakdowns.

However, to my knowledge, these breakdowns have not been communicated to or recognized by either Audit or Finance.

I have been agonizing for some time over these issues, and in all good conscience feel I must now communicate these concerns outside of the Consumer Lending Group. I sincerely regret the delay.

CONCERN #1 -- CORRESPONDENT FUNDINGS THROUGH DELEGATED AUTHORITY

- We currently purchase from mortgage companies and sell to third party investors approximately $50 billion annually ($42 billion YTD 2007) of mortgage loans which have not been underwritten by us but which we rep and warrant to the investors (primarily Fannie/Freddie) that these files are complete and have been underwritten to our policy criteria.
- Our internal Quality Assurance function, which underwrites a small sample of these files post-purchase, has reflected since 2006 (when this function started reporting to me) that 40-60% of these files are either outside of policy criteria or have documentation missing from the files. QA for recent months indicate 80% of the files fall into this category.
- If any of the mortgages in this category default, the investor may require that Citi repurchase the defaulted files based upon our reps and warrants. Under seller reps and warrants Citi may then force the selling mortgage company to repurchase the files, if the seller mortgage company remains financially viable at that time. (As one example, QA results indicate that Citi may be responsible for in excess of 50% of the losses associated with files purchased from the failed Aegis Mortgage -- $2.5 billion purchased since Jan '06).
- A CLG BRC investigation, requested by me, confirmed the breakdowns associated with the QA process and the fact that the QA findings were significantly out of compliance with QA Risk Policy. The Chief Underwriter responsible for this function was terminated and a new QA Risk Policy was approved in 2006.

We continue to be significantly out of compliance with the new QA Risk Policy.

- I do not believe that our company has recognized the material financial losses inevitably associated with the above Citi liability.

CONCERN #2 -- CORRESPONDENT FUNDINGS THROUGH WALL STREET BULK PURCHASES

- During 2006-7 there were pools of mortgage loans aggregating $10 billion which were purchased from large mortgage companies with significant numbers of files identified as "exceptions" (higher risk and substantially outside of our credit policy criteria). These exceptions were approved by the Wall Street Channel Chief Risk Officer, many times over underwriting objections and with the files having been turned down by underwriting. These pools involved files aggregated and originated by Merrill Lynch, Residential Funding Corp, New Century, First NLC and others.
- The purchase decisions on many of these pools were approved even though the execution rates and other criteria established by the CLG Bulk Acquisition Policy were not met.
- Because of the initial high losses associated with many of these pools, CLG BRC investigated and reviewed correspondence which documented underwriting objections to purchasing identified pools.
- BRC conducted an investigation of one Merrill Lynch pool, identifying generic breakdowns of process required by policy and recommended needed changes.
- Changes were made in the bulk purchase process, but I do not know if the expected material financial losses from these pools has been recognized.

I know that this will prompt an investigation of the above circumstances which will hopefully be conducted by officers of the company outside of the Consumer Lending Group, and I pledge my full cooperation.

As a professional, as well as a shareholder of this company, I am deeply distressed with having to report the above.

I will be in the office Monday, and can be available by cell phone, if needed, this weekend.

Dick Bowen
469-220-1151 office
36 CFR 1256.56 - Privac cell