



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ANDREW M. CUOMO
ATTORNEY GENERAL

DIVISION OF ECONOMIC JUSTICE
BUREAU OF CONSUMER FRAUDS AND PROTECTION

February 1, 2010

By Electronic Transmission
Gary Kimmelman
Citibank Retail Banking General Counsel
One Court Square
48th Floor
Long Island City, NY 11120

Re: Citibank EZ Checking and Access Checking Accounts

Dear Mr. Kimmelman:

This letter sets forth the understanding and agreement between the New York State Attorney General's Office and Citibank, N.A. ("Citibank") with respect to changes in terms to Citibank's EZ Checking and Access checking accounts.

In November 2009, I wrote to Citigroup Inc. to request a meeting to discuss this Office's concerns with respect to Citibank's notification to owners of EZ Checking and Access checking accounts of its intention to terminate, effective February 1, 2010, free checking services unless such customers maintained a combined average balance range of \$1500 or more in Citibank accounts during the prior month. Until November 2, 2009, Citibank advertised "free checking" with direct deposit or twice-monthly online bill-payment on its website and in flyers distributed in branches for EZ Checking and Access checking accounts. Specifically, the advertisements stated that monthly service fees and per-check fees would be waived for account holders with direct deposit or twice-monthly online bill-payment. On November 2, 2009, Citibank stopped advertising and offering free checking with direct deposit or twice-monthly online bill-payment to new customers. Citibank also decided to change the terms of existing customers' EZ Checking and Access accounts by ending the provision of free checking with direct deposit or twice monthly on-line bill pay, with respect to both the monthly service fee waiver and the per-check fee waiver.

Citibank mailed statement inserts to EZ Checking and Access checking account holders with their November 2009 monthly statements. Those inserts stated that effective February 1, 2010, Citibank would no longer waive monthly service fees with direct deposit or online bill-payment. However, these notices to consumers did not

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describe the contemplated change-in-term with respect to imposition of per-check fees for account holders that did not maintain a balance of at least \$1500. The notice stated that "all other terms and conditions remain unchanged." Citibank represents that it inadvertently omitted mention of the change in terms concerning per-check fees in these notices. Thereafter, in a paragraph included on customers' December 2009 monthly statements, Citibank provided a "reminder" notice that effective February 1, 2010, Citibank would no longer waive monthly service fees and per-check fees with direct deposit or online bill-payment.

Beginning in November 2009, representatives of the Attorney General's Office and Citibank met several times to discuss this Office's concerns about the aforementioned notices and planned changes to these checking accounts. The Attorney General's Office concluded that Citibank's advertisements violated General Business Law §§ 349 and 350 and Executive Law § 63(12). Citibank denies any law violations, but has addressed the Attorney General's concerns as set forth below.

This letter confirms that Citibank will waive monthly service fees with direct deposit or two online bill payments, for all customers in New York and throughout the United States who have EZ Checking and Access checking accounts which were opened between January 1, 2009 and November 5, 2009, for a period that extends through December 31, 2010 ("the First Extension"), provided the customer engaged in the qualifying behavior within the last twelve (12) months (*i.e.*, made a direct deposit or two monthly online bill payments in any month in the preceding twelve (12) months). Consumers who so qualify for the First Extension will have their monthly fees waived in any month through December 31, 2010 if they make, in such month, a direct deposit or two online bill payments, or if they maintained a combined average balance range of \$1500 or more in Citibank accounts during the prior month.

This letter also confirms that Citibank will waive per-check fees with direct deposit or two online bill payments, for all customers in New York and throughout the United States who have EZ Checking or Access checking accounts which were opened prior to November 2, 2009, for a period that extends through January 31, 2011 ("the Second Extension"), for all customers who engaged in the qualifying behavior within the last twelve (12) months (*i.e.*, made a direct deposit or two monthly online bill payments in any month in the preceding twelve (12) months). Consumers who so qualify for the Second Extension will have their per-check fees waived in any month through January 31, 2011 if they make, in such month, a direct deposit or two online bill payments, or if they maintained a combined average balance range of \$1500 or more in Citibank accounts during the prior month.

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In addition, this letter confirms that Citibank will provide additional notifications to owners of Citibank EZ Checking and Access checking accounts as follows:

- (1) Citibank will send a notification by postal mail dated on or around February 8, 2010 to all customers who will receive the First Extension, stating that Citibank will continue to waive monthly service fees on their accounts with direct deposit or two online bill payments until December 31, 2010 as described above with respect to the First Extension. The notice will further state that Citibank will continue to waive per-check fees on their accounts with direct deposit or two online bill payments until January 31, 2011 as described above with respect to the Second Extension. In addition, Citibank will provide notice with customers' November 2010 account statement that the monthly service fee waiver will terminate effective December 31, 2010 and the per-check fee waiver will terminate effective January 31, 2011, unless the customer maintains the required combined average balance range in the prior month, and stating the amount of the monthly service fee and the amount of the per-check fee that will be in effect following the termination of the waiver.
- (2) Citibank will send a notification by postal mail dated on or around February 8, 2010 to all EZ Checking customers who opened their account prior to January 1, 2009 and do not qualify to receive the First Extension, but engaged in the qualifying behavior at any time during the preceding twelve (12) months (i.e., made a direct deposit or two online bill payments at any time during the preceding twelve (12) months), stating that (a) per-check fees will continue to be waived with direct deposit or two online bill payments until January 31, 2011 as described above with respect to the Second Extension, and (b) the amount of the monthly fee that will be imposed as of February 1, 2010, if the customer does not maintain a combined average balance range of \$1500 in the prior month.
- (3) Citibank will post a notice on its consumer banking website advising consumers that any consumer who opens an EZ Checking Account at any time can receive a per-check fee waiver with direct deposit or two monthly online bill payments through January 31, 2011, but that their accounts will be subject to a monthly service fee unless they maintain the minimum required combined balance.

Citibank will report the number of consumers to whom Citibank has mailed notices of each type to the Attorney General's Office within thirty (30) days of the date of this agreement.

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Please sign below to acknowledge your acceptance of the terms of this agreement.

Very truly yours,



Joy Feigenbaum
Bureau Chief
Bureau of Consumer Frauds and Protection

Citibank, N.A.

By: 
Gary Kimmelman
Citibank Retail Banking General Counsel