

A Tale of Two 'Citis'; A Joint Venture or a Limited Liability Company?

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HOLMDEL, N.J., Feb. 28 /PRNewswire/ -- Nine million corporate, government, health care, educational, not-for-profit and Taft-Hartley workers, have \$200 billion in retirement funds entrusted to the self proclaimed joint venture called 'CitiStreet'. However, the purported 50/50 State Street and Citigroup joint venture, is merely a Delaware Limited Liability Company, according to CitiStreet LLC's, President and board member, Robert Dughi.

The issue arose in Brooklyn federal court. On January 5, 2005, Dughi testified, though at times conflicted, that the 'CitiStreet' joint venture is really CitiStreet, LLC.

Attorneys for Citigroup, Inc., and State Street Corp, have insisted that "CitiStreet is not and never has been a legal entity." Plaintiff disagreed.

The court found that Dughi's testimony, regarding CitiStreet being a Limited Liability Company, and not a joint venture, was credible enough for the Citigroup and State Street attorneys to rely upon, in denying the existence of the 'CitiStreet' joint venture to the court. Plaintiff is appealing.

Press releases on CitiStreet's website, <http://www.citistreetonline.com/>, state: "CitiStreet is a 50/50 joint venture between State Street Corp., and Citigroup."

Federal filings reveal 'CitiStreet' received commissions from Travelers, for sales at Brooklyn's Lutheran Medical Center (LMC). LMC, had previously asserted to the court that 'CitiStreet' was a joint venture.

On January 13, 2005 'CitiStreet' announced Dughi's retirement as President of 'CitiStreet', stating 'CitiStreet' was "the joint venture

between Citigroup and State Street formed in 2000."

On February 15, 2005, 'CitiStreet' announced that Dughi's boss, 'CitiStreet' Chairman and CEO, James Phalen, a former State Street Corporation executive, was also being replaced.

Both Dughi and Phalen had been with 'CitiStreet' from its inception. About LoPresti v. Citigroup et al, Docket Number 02-cv-6492 (SJ) (VVP).

Carmine A. LoPresti is plaintiff, in an ERISA, RICO and Antitrust case. The above entities are among the co-defendants. The action arises from LoPresti's ouster as an annuity salesperson at LMC, after LMC gave 'Citistreet' exclusive rights to sell its retirement products to LMC employees. After 25 years at LMC, LMC denied LoPresti access to the hospital premises, and the 700 LMC employees placing elective salary reductions into 403(b) annuities that LoPresti sold and serviced. The case is pending in U.S. District Court, Eastern District of N.Y.

LoPresti's website at <http://www.carminelopresti.com/> contains some case filings, and the transcript of the January 5, 2005 hearing.

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**A FUNNY THING HAPPENED TO CITISTREET ON THE WAY TO THE
COURT HOUSE---IT VANISHED....**

...much to the dismay of Mr. Carmine A. LoPresti, who named Citistreet as one of the defendants in an ERISA, Antitrust, and RICO lawsuit, that he brought against Citistreet in Brooklyn's Federal Court. The suit arose from his ouster as an annuity sales person at Lutheran Medical Center when Citistreet came on the scene.

Citistreet says that it is a Joint Venture owned 50/50 by the financial behemoths Citigroup, Inc. and State Street Corp. When LoPresti moved for a default judgment against Citistreet, the Citigroup and State Street lawyers were successful in convincing the court that Citistreet was a non-existent entity of any sort, and his motion was denied.

In connection with the alleged non-existence of Citistreet, it was announced in a release dated April 14, 2005, by Citistreet's newly named Chairman and CEO, Phillip Lussier, that Citistreet has increased its assets under management to \$216 billion. The release went on to state that Citistreet is "one of the largest global benefits delivery firms in the United States". It is headquartered in Quincy Mass, employs about 3,000 workers and that it serves over 9 million plan participants. See www.citistreetonline.com.

The U. S. Department of Labor, New York's Attorney General and New York's Superintendent of Insurance, have been seemingly unconcerned by the fact that the Joint Venture called CitiStreet is not licensed to do business in New York, but it is selling annuities and other retirement products to employees at Lutheran Medical Center, and receiving sales commissions therefore, but CitiStreet has succeeded in claiming that it does not exist when it is sued.

These issues and others are being appealed by LoPresti to the United States Court of Appeals for the Second Circuit. The Citigroup attorneys have moved to dismiss LoPresti's appeal. Their motion is pending.

Some of the litigation documents are posted at: www.carminelopresti.com

The case is pending in the United States District Court, Eastern District of New York: LoPresti v. Citigroup, Inc, et al. Docket No. 02-cv-6492.

The appeal is pending in the United States Court of Appeals for the Second Circuit, Docket No. 05-0609.