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Citi faces \$1bn class claim on discrimination

By Sean Farrell

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Citigroup faces a potential class-action lawsuit for more than \$1bn (£704m) over allegations that the stricken bank discriminated against women when slashing jobs last year.

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Five women have filed lawsuits against the bank claiming they were made redundant from the public finance department of its municipal securities division in New York despite having better records or qualifications than men who kept their jobs.

Their law firm plans to file for a class action which it said could easily amount to more than \$1bn if judged on "disparate impact" grounds, which require litigants to show that a policy or lack of policy had a significant impact on a protected group of employees.

Citi announced 50,000 job cuts on 17 November and laid off the five women four days later. The lawsuits claim that at "professional" level in the public finance department men made up 46 per cent of November's redundancies but that 60 per cent of the employees at that grade were male.

Douglas Wigdor, the lawyer acting for the claimants, said Citi was practising "recessionary discrimination" by using the economic downturn as an excuse to eliminate protected employees, including a large group of women.

Citi said: "The November 2008 reduction in force in municipal securities was a continuation of a firm-wide restructuring throughout 2008, which was done fairly and lawfully and was based on legitimate business reasons unrelated to gender.

"Many of the factual allegations from these former employees are either inaccurate or incomplete, and we look forward to showing the business rationale for these decisions in the proper legal forum.

"Citigroup and the municipal securities division are disciplined, focused, consistent and vigilant in regard to our diversity-related efforts and we are proud of these efforts and of the progress we have made."

The claims were filed on 18 February at the New York City Equal Employment Opportunity Commission, before filing a claim in a federal court. In a class action a judge rules that anyone falling into the same category as the complainants will be bound by the decision. The practice can lead to huge payouts and fat lawyer fees.

Mr Wigdor brought a \$1bn class-action suit on behalf of female investment bankers at Dresdner Kleinwort in London and New York in 2006 which was settled.

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