

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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ROBERT ROSS, ANDREA KUNE, WOODROW
CLARK, HERVE SENEQUIER, BYRON
BALBACH, JR., MATTHEW GRABELL, and
PAUL IMPELLEZZERI, on behalf of themselves
and all others similarly situated,

Plaintiffs,

-against-

BANK OF AMERICA, N.A. (USA), CAPITAL
ONE BANK, CAPITAL ONE, F.S.B., J.P.
MORGAN CHASE, CHASE BANK USA, N.A.,
CITIGROUP, INC., CITIBANK (SOUTH
DAKOTA) N.A., CITIBANK USA, N.A.,
UNIVERSAL BANK, N.A., UNIVERSAL
FINANCIAL CORP., CITICORP DINERS CLUB,
INC., NOVUS CREDIT SERVICES, INC.,
DISCOVER FINANCIAL SERVICES,
DISCOVER BANK, HSBC FINANCE CORP.,
HSBC BANK, NEVADA, N.A., MBNA
AMERICA BANK, N.A., MBNA AMERICA
(DELAWARE), N.A., PROVIDIAN FINANCIAL
CORP., and PROVIDIAN NATIONAL BANK,

Defendants.

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05 Civ. 7116 (WHP)

Judge William H. Pauley, III

**CITI DEFENDANTS' ANSWER
AND SEPARATE AND/OR
AFFIRMATIVE DEFENSES TO
THE FIRST AMENDED CLASS
ACTION COMPLAINT**

Defendants Citigroup Inc. ("Citigroup"), Citibank (South Dakota), N.A. ("Citibank SD"),
on its own behalf and as successor-in-interest to Citibank USA, N.A. and Universal Bank, N.A.
("Universal Bank"), Universal Financial Corp. ("UFC"), and Citicorp Diners Club Inc. ("Diners
Club") (collectively, all of the aforementioned are referred to herein as the "Citi Defendants"),
by their attorneys, for their answer and affirmative defenses to plaintiffs' First Amended Class
Action Complaint, state as follows:

The Citi Defendants deny the allegations in the prefatory paragraph of the First Amended Complaint and the prayer for relief, as well as any allegations contained in any headings, footnotes, or any other text that is not contained in a numbered paragraph.

1. The Citi Defendants admit that plaintiffs purport to bring this action as a class action, and that they purport to characterize the allegations of the First Amended Class Action Complaint (the "Amended Complaint"). The Citi Defendants deny the truth of these allegations, deny that this action may be maintained as a class action, deny that they have committed any of the violations alleged by the plaintiffs, and deny the remaining allegations of paragraph 1 of the Amended Complaint.

2. The Citi Defendants admit that the defendants, together with American Express and Wells Fargo, issue many of the general purpose (*i.e.*, not private label) credit and charge cards in the United States, but lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of the first sentence of paragraph 2 of the Amended Complaint (which are not stated as of a particular date) and, therefore, deny the same. As to the allegations in footnote 1 of paragraph 2, the Citi Defendants state that any allegations in this action based in whole or in part on the allegations in In re Currency Conversion Fee Antitrust Litig., MDL No. 1409, are barred by the settlement of that action and, therefore, no answer is required. To the extent that an answer is required, the Citi Defendants deny the allegations in footnote 1, except that they admit plaintiffs purport to list various defendants in other actions pending before this Court in In re Currency Conversion Fee Antitrust Litigation, MDL 1409, and Ross v. American Express Co., 04 Civ. 5723 (WHP). The Citi Defendants deny the remaining allegations of paragraph 2 and footnote 1 of the Amended Complaint.

3. The Citi Defendants deny the allegations of paragraph 3 of the Amended Complaint.

4. The Citi Defendants deny the allegations of paragraph 4 of the Amended Complaint.

5. The Citi Defendants deny the allegations of paragraph 5 of the Amended Complaint.

6. The Citi Defendants deny the allegations of paragraph 6 of the Amended Complaint.

7. The Citi Defendants admit that the Amended Complaint purports to add NAF as a defendant. The Citi Defendants deny that they were party to any “collusive scheme” and further deny that they participated in an organization “to impose arbitration clauses that ban class actions.” The Citi Defendants lack knowledge and information sufficient to form a belief as to the truth of the remaining allegations in paragraph 7 of the Amended Complaint and, therefore, deny the same.

8. The Citi Defendants admit that plaintiffs purport to bring claims under the Clayton Act and the Sherman Act, and purport to seek the injunctive and other relief set forth in the Complaint. The Citi Defendants deny that they committed the violations alleged, deny that they are liable for any of the relief sought by plaintiffs, and deny the remaining allegations of paragraph 8 of the Amended Complaint.

9. The Citi Defendants do not contest that this Court has subject matter jurisdiction over this action to the extent that plaintiffs state a claim.

10. The Citi Defendants do not contest venue in this District.

11. The Citi Defendants admit that Citigroup Inc. has its principal place of business in New York, New York and is registered to do business in the State of New York, and that Citicorp Diners Club Inc. is registered to do business in the State of New York. The Citi Defendants deny the remaining allegations of paragraph 11 with respect to the Citi Defendants. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 11 of the Amended Complaint with respect to any person or entity other than the Citi Defendants and, therefore, deny the same.

12. The Citi Defendants admit that Robert Ross is party to a credit card agreement including an arbitration provision with Citibank SD, and that such account has been closed. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 12 of the Amended Complaint and, therefore, deny the same.

13. The Citi Defendants admit that Andrea Kune is party to a credit card agreement including an arbitration provision with Citibank SD. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 13 of the Amended Complaint and, therefore, deny the same.

14. The Citi Defendants admit that Woodrow Wilson Clark, Jr. is party to a credit card agreement including an arbitration provision with Citibank SD. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 14 of the Amended Complaint and, therefore, deny the same.

15. The Citi Defendants admit that Herve Senequier is party to a credit card agreement including an arbitration provision with Citibank SD. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 15 of the Amended Complaint and, therefore, deny the same.

16. The Citi Defendants admit that S. Byron Balbach, Jr. is party to a credit card agreement including an arbitration provision with Citibank SD. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 16 of the Amended Complaint and, therefore, deny the same.

17. The Citi Defendants admit that Matthew R. Grabell is party to a credit card agreement including an arbitration provision with Citibank SD. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 17 of the Amended Complaint and, therefore, deny the same.

18. The Citi Defendants admit that Paul Impellezzeri is party to a credit card agreement including an arbitration provision with Citibank SD, and that such account has been closed. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 18 of the Amended Complaint and, therefore, deny the same.

19. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 19 of the Amended Complaint and, therefore, deny the same.

20. The Citi Defendants lack knowledge or information sufficient to form a

belief as to the truth of the allegations of paragraph 20 of the Amended Complaint and, therefore, deny the same.

21. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 21 of the Amended Complaint and, therefore, deny the same.

22. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 22 of the Amended Complaint and, therefore, deny the same.

23. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 23 of the Amended Complaint and, therefore, deny the same.

24. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 24 of the Amended Complaint and, therefore, deny the same.

25. The Citi Defendants admit that plaintiffs purport to refer to MBNA America Bank, N.A. as "MBNA America" but otherwise lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 25 of the Amended Complaint, and, therefore, deny the same.

26. The Citi Defendants admit that plaintiffs purport to refer to MBNA America (Delaware), N.A. as "MBNA Delaware" and that plaintiffs purport to join Bank of America, N.A. as a defendant in this action, but otherwise lack knowledge or information

sufficient to form a belief as to the truth of the allegations of paragraph 26 of the Amended Complaint and, therefore, deny the same.

27. The Citi Defendants admit that plaintiffs purport to refer to FIA Card Services, N.A. as "FIA" and that plaintiffs purport to join FIA Card Services, N.A. as a defendant in this action, but otherwise lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 27 of the Amended Complaint and, therefore, deny the same.

28. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 28 of the Amended Complaint, and, therefore, deny the same.

29. The Citi Defendants admit that plaintiffs purport to define terms in paragraph 29 of the Amended Complaint, but deny that such definitions are complete or proper. The Citi Defendants lack knowledge and information sufficient to form a belief as to the truth of the remaining allegations in paragraph 29 of the Amended Complaint and, therefore, deny the same.

30. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 30 of the Amended Complaint, and therefore, deny the same, except that they admit that plaintiffs purport to join Capital One Bank (USA), N.A. and Capital One, N.A. as defendants in this action.

31. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 31 of the Amended Complaint and,

therefore, deny the same.

32. The Citi Defendants admit that plaintiffs purport to define a term in paragraph 32 of the Amended Complaint, but deny that such definition is complete or proper.

33. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 33 of the Amended Complaint and, therefore, deny the same.

34. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 34 of the Amended Complaint and, therefore, deny the same, except that they admit that plaintiffs purport to join J.P. Morgan Chase as a defendant in this action.

35. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 35 of the Amended Complaint and, therefore, deny the same.

36. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 36 of the Amended Complaint and, therefore, deny the same.

37. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 37 of the Complaint and, therefore, deny the same, except that they admit that plaintiffs purport to join Chase Bank USA, N.A. as a defendant in this action.

38. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 38 of the Amended Complaint and, therefore, deny the same.

39. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 39 of the Amended Complaint and, therefore, deny the same.

40. The Citi Defendants admit that plaintiffs purport to define a term in paragraph 40 of the Amended Complaint, but deny that such definition is complete or proper. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 40 of the Amended Complaint and, therefore, deny the same.

41. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 41 of the Amended Complaint and, therefore, deny the same.

42. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 41 of the Amended Complaint and, therefore, deny the same.

43. The Citi Defendants admit that plaintiffs purport to define terms in paragraph 43 of the Amended Complaint, but deny that such definitions are complete or proper.

44. The Citi Defendants lack knowledge or information sufficient to form a

belief as to the truth of the allegations of paragraph 44 of the Amended Complaint and, therefore, deny the same.

45. The Citi Defendants admit that Citigroup Inc. is a Delaware corporation with its principal place of business in New York, New York, and is a bank holding company; that Citigroup is named as a defendant in this action; that Citigroup was formed as a result of an October 8, 1998 merger of Citicorp with and into a wholly owned subsidiary of Travelers Group Inc., and that Travelers Group Inc. changed its name to "Citigroup Inc." after such merger. The Citi Defendants deny the remaining allegations of paragraph 45 of the Amended Complaint.

46. The Citi Defendants admit that Citibank SD is a national banking association chartered under the National Bank Act, 12 U.S.C. §§ 21 *et seq.*, with its principal place of business in Sioux Falls, South Dakota, and that Citibank SD is named as a defendant in this action. The Citi Defendants admit that Citibank SD is an indirect, wholly owned subsidiary of Citigroup, and that Citibank SD issues Visa and MasterCard credit cards bearing the "Citibank" brand name and issues Diners Club credit and charge cards. The Citi Defendants admit that Citibank SD is an indirect parent company of Citicorp Diners Club Inc. The Citi Defendants deny the remaining allegations of paragraph 46 of the Amended Complaint.

47. The Citi Defendants admit that Universal Bank is named as a defendant in the Amended Complaint, but deny the remaining allegations of paragraph 47 of the Amended Complaint. Further answering, the Citi Defendants state that Citibank SD is the successor-in-interest to Universal Bank.

48. The Citi Defendants admit that Universal Financial Corp. is named as a defendant in this action. The Citi Defendants deny the remaining allegations of paragraph 48 of the Amended Complaint.

49. The Citi Defendants admit that plaintiffs purport to define a term in paragraph 49 of the Amended Complaint, but deny that such definition is complete or proper. The Citi Defendants do not incorporate plaintiffs' definition of "Citibank" in their Answer to the Amended Complaint.

50. The Citi Defendants admit that they have sought to increase their credit card business since 1997. The Citi Defendants admit the allegations of the second, third, and fourth sentences of paragraph 50 of the Amended Complaint, except that they deny that the 12 million accounts acquired as part of The Home Depot private label portfolio were "general purpose card accounts" as that term is used by plaintiffs. The Citi Defendants deny the remaining allegations of paragraph 50 of the Amended Complaint.

51. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the first sentence of paragraph 51 of the Amended Complaint and, therefore, deny the same. The Citi Defendants deny the allegations of the second sentence of paragraph 51 of the Amended Complaint. The Citi Defendants admit that Citibank SD issues Diners Club cards, and deny the remaining allegations of paragraph 51 of the Amended Complaint.

52. The Citi Defendants admit that Citicorp Diners Club, Inc. is a Delaware corporation with its principal place of business in Chicago, Illinois, is an indirect, wholly owned subsidiary of Citigroup, and is named as a defendant in this action.

53. The Citi Defendants deny the allegations of the first sentence of paragraph 53 of the Amended Complaint. The Citi Defendants admit that some “Diners Club” cards are issued by Citibank SD and some were previously issued by Citibank USA, N.A. The Citi Defendants admit that Citibank USA, N.A. was a national banking association chartered under the National Bank Act, 12 U.S.C. §§ 21 *et seq.*, with its principal place of business in Sioux Falls, South Dakota, and that Citibank USA, N.A. is named as a defendant in this action. The Citi Defendants admit that plaintiffs purport to define a term in the third sentence of paragraph 53 of the Amended Complaint. The Citi Defendants do not incorporate plaintiffs’ definition of “Diners Club” in this Answer to the Amended Complaint. The Citi Defendants deny any remaining allegations of paragraph 53 of the Amended Complaint.

54. The Citi Defendants admit the allegations of the first sentence of paragraph 54 of the Amended Complaint. The Citi Defendants admit that Diners Club cards issued in the United States and Canada have a MasterCard mark on them and are accepted wherever MasterCard cards are accepted; the Citi Defendants deny the remaining allegations of paragraph 54 of the Amended Complaint.

55. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 55 of the Amended Complaint and, therefore, deny the same, except that they admit that plaintiffs purport to join DFS Services LLC, Discover Financial Services, and Discover Bank as defendants in this action.

56. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 56 of the Amended Complaint and,

therefore, deny the same.

57. The Citi Defendants admit the allegations of the first sentence of paragraph 57 of the First Amended Complaint. The Citi Defendants admit that Discover obtained certain rights and assets of Diners Club International, including the Diners Club network, but other deny the allegations in the second sentence of paragraph 57 of the First Amended Complaint. The Citi Defendants admit that Discover does not issue Diners Club cards in the United States, and that Citibank SD issues Diners Club cards in the United States. Affiliates of the Citi Defendants also issue Diners Club cards in other countries. The Citi Defendants deny any remaining allegations of the last sentence of paragraph 57 of the Amended Complaint.

58. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 58 of the Amended Complaint and, therefore, deny the same.

59. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 59 of the Amended Complaint and, therefore, deny the same.

60. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 60 of the Amended Complaint and, therefore, deny the same.

61. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 61 of the Amended Complaint and,

therefore, deny the same, except that they admit that plaintiffs purport to join HSBC Finance Corporation as a defendant in this action.

62. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 62 of the Amended Complaint and, therefore, deny the same, except that they admit that plaintiffs purport to join HSBC Bank, Nevada, N.A. as a defendant in this action.

63. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 63 of the Amended Complaint and, therefore, deny the same.

64. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 64 of the Amended Complaint and, therefore, deny the same.

65. The Citi Defendants admit that plaintiffs purport to define a term in paragraph 65 of the Amended Complaint, but deny that such definition is complete or proper.

66. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 66 of the Amended Complaint and, therefore, deny the same.

67. The Citi Defendants admit that plaintiffs purport to join the National Arbitration Forum as a defendant in their Amended Complaint, that plaintiffs purport to refer to the National Arbitration Forum as "NAF," and that NAF is an arbitration

administrator that collects fees for the arbitration services that it administers. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 67 of the Amended Complaint and, therefore, deny the same.

68. The Citi Defendants deny the allegations of the first sentence of paragraph 68 of the Amended Complaint as they pertain to the Citi Defendants. The Citi Defendants lack knowledge and information sufficient to form a belief as to the truth of the remaining allegations in the first sentence of paragraph 68 of the Amended Complaint as they pertain to any entities other than the Citi Defendants and, therefore, deny the same. The Citi Defendants admit that NAF has served as an arbitration administrator in proceedings to which some the Citi Defendants are parties, but lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in the first sentence of paragraph 68 of the Amended Complaint and, therefore, deny the same. The Citi Defendants admit that their cardholder agreements have listed NAF and other organizations as arbitration administrators, deny that they were party to any conspiracy, and lack knowledge and information sufficient to form a belief as to the truth of the remaining allegations in the second sentence of paragraph 68 of the Amended Complaint and, therefore, deny the same.

69. The Citi Defendants admit that plaintiffs purport to define a term in paragraph 69 of the Amended Complaint, but deny that such definition is proper or complete. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 69 of the Amended Complaint and, therefore, deny the same.

70. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 70 of the Amended Complaint, and therefore, deny the same.

71. The Citi Defendants admit that Citibank SD entered into an agreement with American Express Travel Related Services Company, Inc. on or about December 4, 2004, pursuant to which Citibank obtained the right issue cards that operate on the American Express network. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 71 of the Amended Complaint and, therefore, deny the same.

72. The Citi Defendants deny that they, or any of them, conspired with American Express regarding any of the matters alleged in the Amended Complaint. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the first sentence of paragraph 72 of the Amended Complaint with respect to any other entities and, therefore, deny the same. The Citi Defendants admit that American Express Company, American Express Travel Related Services Company, and American Express Centurion Bank are defendants in the action captioned Ross v. American Express, No. 04 Civ. 5723 (WHP), and that plaintiffs purport to characterize the allegations of the complaint in that action. The Citi Defendants deny that Ross v. American Express is a "companion case." In that regard, the Citi Defendants state that any allegations in paragraph 72 based in whole or part on the allegations in In re Currency Conversion Fee Antitrust Litig., MDL No. 1409, are barred by the settlement of that action and, therefore, no answer is required regarding such allegations; to the extent that an answer is required, the Citi Defendants deny the allegations. The Citi Defendants deny the remaining allegations of

paragraph 72 of the Amended Complaint with respect to the Citi Defendants, or any of them; as to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 72 of the Amended Complaint and, therefore, deny the same.

73. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 73 of the Amended Complaint and, therefore, deny the same.

74. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 74 of the Amended Complaint and, therefore, deny the same.

75. The Citi Defendants admit that plaintiffs purport to define a term in paragraph 75 of the Amended Complaint, but deny that such definition is complete or proper.

76. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 76 of the Amended Complaint and, therefore, deny the same.

77. The Citi Defendants deny that they, or any of them, "dominate" the market for general purpose credit cards either alone or in conjunction with others. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 77 of the Amended Complaint and, therefore, deny the same.

78. The Citi Defendants deny the allegations of paragraph 78 of the Amended

Complaint with respect to the Citi Defendants, or any of them, and specifically deny that they, or any of them, conspired with anyone regarding any of the matters set forth in the Amended Complaint; as to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 78 of the Amended Complaint and, therefore, deny the same.

79. The Citi Defendants admit that plaintiffs purport to set forth a term of construction in paragraph 79 of the Amended Complaint, and deny any remaining allegations of such paragraph. The Citi Defendants deny that the term of construction set forth in paragraph 79 of the Amended Complaint is factually or legally correct, or a proper method of pleading. To the extent that plaintiffs purport to allege in paragraph 79 of the Amended Complaint any wrongdoing by any of the Citi Defendants, the Citi Defendants deny the same.

80. The Citi Defendants admit that plaintiffs purport to define the scope of trade and commerce relevant to this action, but deny the remaining allegations of paragraph 80 of the Amended Complaint.

81. The Citi Defendants admit that Citibank SD, Universal Bank, Citibank USA, and UFC have entered into agreements with cardholders, governing the use of credit and charge cards, which have at times included arbitration provisions; the Citi Defendants deny that Universal Bank, Citibank USA, or UFC are currently parties to cardholder agreements. The Citi Defendants deny the allegations of the first sentence of paragraph 81 of the Amended Complaint as to Citigroup and Diners Club, and deny the remaining allegations of the first sentence of paragraph 81 as to Citibank SD, Universal Bank, Citibank

USA, and UFC. The Citi Defendants deny the allegations of the second sentence of paragraph 81 of the Amended Complaint as to the Citi Defendants. The Citi Defendants admit that the credit card agreements involve interstate commerce, and deny the remaining allegations of the third sentence of paragraph 81 of the Amended Complaint as to the Citi Defendants. As to any entities other than the Citi Defendants, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 81 of the Amended Complaint and, therefore, deny the same.

82. The Citi Defendants admit that they are engaged in interstate commerce, and deny the remaining allegations of paragraph 82 of the Amended Complaint as to the Citi Defendants, or any of them. As to any entities other than the Citi Defendants, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 82 of the Amended Complaint as to interstate commerce and, therefore, deny the same. The Citi Defendants deny the remaining allegations of paragraph 82 of the Amended Complaint.

83. The Citi Defendants admit that plaintiffs purport to define a relevant market, but deny the remaining allegations of paragraph 83 of the Amended Complaint.

84. The Citi Defendants admit that plaintiffs purport to selectively quote from and characterize the decision in United States v. Visa USA, Inc., 163 F. Supp. 2d 322, (S.D.N.Y. 2001). The Citi Defendants deny the remaining allegations of paragraph 84 of the Amended Complaint.

85. The Citi Defendants deny the allegations of paragraph 85 of the Amended Complaint.

86. The Citi Defendants deny the allegations of paragraph 86 of the Amended Complaint.

87. The Citi Defendants admit that plaintiffs purport to define the term “general purpose cards.” The Citi Defendants deny the allegation that all Visa-branded, MasterCard-branded, Discover-branded, and American Express-branded cards are credit cards or charge cards, as described in the allegations of the second sentence of paragraph 87 of the Amended Complaint. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 87 of the Amended Complaint with respect to any person or entity other than the Citi Defendants and, therefore, deny the same. The Citi Defendants deny the remaining allegations of paragraph 87 of the Amended Complaint.

88. The Citi Defendants admit the allegations of the first sentence of paragraph 88 of the Amended Complaint. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the second, third and fourth sentences of paragraph 88 of the Amended Complaint and, therefore, deny the same.

89. The Citi Defendants admit that cards that can be used on the Visa or MasterCard networks are issued by financial institutions – including Citibank SD, and previously Citibank USA, Universal Bank, and UFC – under the rules of MasterCard and Visa, and that such financial institutions pay assessments and/or service fees to MasterCard and Visa. The Citi Defendants admit that some cards that can be used on the American Express and Discover networks are issued by American Express and Discover, which also

operate their respective networks, but the Citi Defendants state that other banks also issue cards that can be used on the American Express and Discover Networks. The Citi Defendants deny the allegations of the fifth and sixth sentences of paragraph 89 of the Amended Complaint as to Diners Club, and deny the remaining allegations of paragraph 89 of the Amended Complaint, including the allegations of the first sentence of paragraph 89 of the Amended Complaint.

90. The Citi Defendants admit the allegations of the first sentence of paragraph 90 of the Amended Complaint. The Citi Defendants state that the remaining allegations of paragraph 90 of the Amended Complaint are neither accurate nor complete and, therefore, deny the same.

91. The Citi Defendants admit the allegations of paragraph 91 of the Amended Complaint, except they state that use of the term "member bank" in reference to Visa and MasterCard is not accurate. Rather, financial institutions act as issuing banks and/or acquiring banks under the rules of Visa and MasterCard.

92. The Citi Defendants deny that the allegations of paragraph 92 of the Amended Complaint provide an accurate or complete description of every credit or charge card transaction and/or activity associated with that transaction, and deny the remaining allegations of paragraph 92 of the Amended Complaint.

93. The Citi Defendants deny the allegations of paragraph 93 of the Amended Complaint as related to Diners Club. The Citi Defendants also deny the allegations of the second sentence of paragraph 93 of the Amended Complaint because they are not accurate or complete as to all transactions occurring on the American Express, Discover, or Diners

Club networks. With respect to American Express and Discover, the Citi Defendants admit that the operators of those networks also issue cards directly to cardholders and contract directly with the merchants that accept the cards. However, other financial institutions also issue cards that operate on those networks. The Citi Defendants admit that Citibank SD entered into an agreement with American Express Travel Related Services Company, Inc. on or about December 4, 2004, pursuant to which Citibank obtained the right to issue cards that operate on the American Express network. To the extent that plaintiffs purport, in footnote 2 of the Amended Complaint, to quote from or summarize the contents of United States v. Visa U.S.A., Inc., 344 F.3d 229 (2d Cir. 2003), to which the Citi Defendants were not parties, the Citi Defendants respectfully refer the Court to that opinion for a complete and accurate recitation of its contents. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 93 and footnote 2 of the Amended Complaint and, therefore, deny the same.

94. The Citi Defendants deny that a transaction involving a Citibank SD-issued American Express card would occur as described in paragraph 94. As to any other transactions and to the remaining allegations of paragraph 94 of the Amended Complaint, the Citi Defendants lack knowledge or information sufficient to form a belief as to their truth and, therefore, deny the same.

95. The Citi Defendants lack knowledge or information sufficient to form a belief as to the allegations of paragraph 95 of the Amended Complaint and therefore deny the same.

96. The Citi Defendants deny the allegations of paragraph 96 of the Amended

Complaint as to the Citi Defendants, or any of them; with respect to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 96 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

97. The Citi Defendants deny the allegation that Citigroup was the “co-sponsor” of a meeting of the group that plaintiffs call the “Arbitration Coalition.” The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 97 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

98. The Citi Defendants admit that an employee of an affiliate of the Citi Defendants attended a meeting of credit card counsel on May 25, 1999 at the offices of the law firm Wilmer Cutler in Washington, D.C. The Citi Defendants deny the allegations of the last sentence of paragraph 98 of the Amended Complaint. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 98 of the Amended Complaint and, therefore, deny the same.

99. The Citi Defendants admit that the credit card agreements of Citibank SD, Citibank USA, Universal Bank, and UFC did not include arbitration provisions in 1999, and that Citigroup and Diners Club did not enter into credit card agreements; with respect to any

other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 99 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

100. The Citi Defendants deny the allegations of paragraph 100 of the Amended Complaint as to the Citi Defendants, or any of them; with respect to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 100 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

101. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 101 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

102. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 102 of the Amended Complaint and, therefore, deny the same.

103. The Citi Defendants admit that an employee of an affiliate of the Citi Defendants was invited to attend a meeting of a group of credit card attorneys to be held at the offices of the Wilmer Cutler law firm on July 28, 1999. The Citi Defendants admit that plaintiffs purport to quote from the invitation for the meeting. The Citi Defendants deny the allegations of the third and fourth sentences of paragraph 103 of the Amended Complaint.

The Citi Defendants admit that the credit card agreements of Citibank SD, Citibank USA, Universal Bank, and UFC did not include arbitration provisions in 1999, and that Citigroup and Diners Club did not enter into credit card agreements. The Citi Defendants deny the remaining allegations of paragraph 103 of the Amended Complaint as to the Citi Defendants, or any of them. With respect to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 103 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

104. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 104 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

105. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 105 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

106. The Citi Defendants admit that an employee of an affiliate of the Citi Defendants attended a meeting of a group of credit card attorneys on September 29, 1999, and that discussion of certain legal issues relating to arbitration clauses was on the agenda for that meeting. The Citi Defendants admit that plaintiffs purport to quote selectively from the agenda for the meeting, but deny such allegations insofar as plaintiffs have

mischaracterized the document. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 106 of the Amended Complaint and, therefore, deny the same.

107. The Citi Defendants deny the allegations of the second sentence of paragraph 107 of the Amended Complaint as to the Citi Defendants, or any of them. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 107 of the Amended Complaint and, therefore, deny the same.

108. The Citi Defendants deny the allegations of paragraph 108 of the Amended Complaint. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

109. The Citi Defendants admit that the National Arbitration Forum (“NAF”) is one of the arbitration administrators permitted to be chosen by the arbitration provisions in the cardholder agreements of Citibank SD. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 109 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

110. The Citi Defendants deny the allegations of paragraph 110 of the Amended Complaint as to the Citi Defendants, or any of them. With respect to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to

the truth of the allegations of paragraph 110 of the Amended Complaint and, therefore, deny the same. The Citi Defendants admit the allegation in footnote 3 of the Amended Complaint that “the filing of *amicus curiae* briefs and joint lobbying of legislators is protected by the Noerr-Pennington doctrine,” and deny the remaining allegations of footnote 3. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

111. The Citi Defendants admit that C022089, a confidential document produced in the MDL action, contains the language quoted in the second sentence of paragraph 111 of the Amended Complaint and purports to be an email from Eric Mogilnicki to various individuals. The Citi Defendants deny the allegations in paragraph 111 of the Amended Complaint as they pertain to the Citi Defendants, including the allegations that the Citi Defendants “collusive[ly] impos[ed] ... a compulsory arbitration clause.” The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 111 of the Amended Complaint and, therefore, deny the same.

112. The Citi Defendants admit that the credit card agreements of Citibank SD, Citibank USA, Universal Bank, and UFC did not include arbitration provisions in 2000. With respect to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the last sentence of paragraph 112 of the Amended Complaint and, therefore, deny the same. To the extent that plaintiffs purport to summarize an e-mail in paragraph 112 of the Amended Complaint, the Citi Defendants respectfully refer the Court to that e-mail for a complete and accurate recitation of its contents. The Citi Defendants lack knowledge or information sufficient to form a

belief as to the truth of the remaining allegations of paragraph 112 of the Amended Complaint, and therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

113. The Citi Defendants deny the allegations of the last sentence of paragraph 113 of the Amended Complaint as to the Citi Defendants; with respect to any other entity, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the last sentence of paragraph 113 of the Amended Complaint and, therefore, deny the same. The Citi Defendants deny that they participated in all of the meetings and/or conference calls alleged in paragraph 113 of the Amended Complaint. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 113 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

114. The Citi Defendants admit that employees of an affiliate of the Citi Defendants met with others in a group that some referred to as the "Consumer Companies' Class Action Working Group." The Citi Defendants deny the remaining allegations of paragraph 114 of the Amended Complaint.

115. The Citi Defendants admit that employees of an affiliate of the Citi Defendants received an invitation dated January 22, 2001 to a February 14, 2001 meeting of a group that some referred to as the "Consumer Companies' Class Action Working Group," and that certain employees of an affiliate of the Citi Defendants attended part of that meeting. The Citi Defendants deny the allegations of the sixth sentence of paragraph 115 of

the Amended Complaint, and deny the allegations of the first and third sentences of paragraph 115 of the Amended Complaint as to the Citi Defendants. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 115 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

116. The Citi Defendants admit that certain employees of an affiliate of the Citi Defendants attended a meeting of the “Consumer Companies’ Class Action Working Group” on May 30, 2001 at the offices of JPMorgan Chase in New York City. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 116 of the Amended Complaint with respect to any other attendees of the May 30, 2001 meeting. The Citi Defendants admit that they are not aware of any meetings of the “Consumer Companies’ Class Action Working Group” after this meeting. The Citi Defendants deny the remaining allegations of paragraph 116 of the Amended Complaint. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

117. The Citi Defendants deny the existence of the conspiracy alleged in the first sentence of paragraph 117 of the Amended Complaint. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of the first and second sentences of paragraph 117 of the Amended Complaint and, therefore, deny the same. The Citi Defendants deny the remaining allegations of paragraph 117 of the Amended Complaint. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

118. The Citi Defendants deny the allegations of the first and last sentences of paragraph 118 of the Amended Complaint. To the extent that plaintiffs purport to summarize and/or quote from documents in paragraph 118, the Citi Defendants respectfully refer the Court to those documents for a complete and accurate recitation of their contents. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 118 of the Amended Complaint and, therefore, deny the same. The Citi Defendants specifically deny that they, or any of them, committed any action in violation of federal antitrust law.

119. The Citi Defendants state that the allegations of the first sentence of paragraph 118 of the Complaint are indefinite, vague, and ambiguous, and cannot be answered as phrased; to the extent that a response is required, the Citi Defendants deny the allegations of the first sentence of paragraph 119 of the Amended Complaint as to the Citi Defendants, or any of them; with respect to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the first sentence of paragraph 119 of the Amended Complaint and, therefore, deny the same. The Citi Defendants deny the allegations of the second sentence of paragraph 119 of the Amended Complaint as to the Citi Defendants, or any of them; with respect to any other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the second sentence of paragraph 119 of the Amended Complaint and, therefore, deny the same.

120. The Citi Defendants admit that the arbitration provision currently in the credit card agreements of Citibank SD permits the person initiating arbitration to chose one of two arbitration administrators, and deny that the other Citi Defendants have agreements

with cardholders, including arbitration agreements. The Citi Defendants deny the remaining allegations of paragraph 120 of the Amended Complaint with respect to the Citi Defendants (including, for the avoidance of doubt, with respect to the allegations concerning arbitration administrators permitted by Citibank SD's arbitration agreements). With respect to any entities other than the Citi Defendants, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 120 of the Amended Complaint and, therefore, deny the same.

121. The Citi Defendants admit that the NAF is one of the arbitration administrators permitted to be chosen by the arbitration provisions in the cardholder agreements of Citibank SD and deny that the NAF is an "egregious example" of any alleged misconduct. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 121 of the Amended Complaint and, therefore, deny the same.

122. The Citi Defendants deny that the NAF has an inordinate tendency to favor defendants and, further answering, state that the NAF is an arbitration administrator and does not render arbitration decisions or awards. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 122 of the Amended Complaint and, therefore, deny the same.

123. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 123 of the Amended Complaint, and therefore, deny the same.

124. The Citi Defendants lack knowledge or information sufficient to form a

belief as to the truth of the allegations of Paragraph 124 of the Amended Complaint, and therefore, deny the same.

125. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 125 of the Amended Complaint and, therefore, deny the same.

126. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 126 of the Amended Complaint, including subparts A through E, and, therefore, deny the same.

127. The Citi Defendants admit that certain of their cardholder agreements have listed JAMS as an arbitration administrator and admit that they issued a change in terms notice in February 2005 that among other things eliminated JAMS as an arbitration provider. The Citi Defendants deny that they "pressured" JAMS to revise its practices. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 127 of the Amended Complaint and, therefore, deny the same.

128. The Citi Defendants deny the allegations of paragraph 128 of the Amended Complaint.

129. The Citi Defendants admit that the arbitration provisions of cardholder agreements, like cardholder agreements in general, are often not signed by the parties. The Citi Defendants deny the remaining allegations of paragraph 129 of the Amended Complaint.

130. The Citi Defendants admit that cardholders have an opportunity to opt out of (*i.e.*, to reject and choose not to be bound by) the amendment of a cardholder agreement to include an arbitration provision, and admit that arbitration agreements have been added to some cardholder agreements by amendment as permitted by the cardholder agreement and applicable law. The Citi Defendants deny the remaining allegations of paragraph 130 of the Amended Complaint.

131. The Citi Defendants deny the allegations of paragraph 131 of the Amended Complaint.

132. The Citi Defendants admit that plaintiffs purport to quote from an article from a Practicing Law Institute (“PLI”) course, but deny the allegation to the extent that plaintiffs have misquoted or mischaracterized the statement. The Citi Defendants admit that certain arbitration procedures differ from court procedures. The Citi Defendants deny the remaining allegations of paragraph 132 of the Amended Complaint.

133. The Citi Defendants admit that plaintiffs have selectively quoted a decision of the California Supreme Court, but deny that the quotation represents an accurate statement of applicable law. The Citi Defendants deny any remaining allegations of paragraph 133 of the Amended Complaint. Further answering, the Citi Defendants state that the subsequent decision, on remand, from the decision cited by plaintiffs is available at Discover Bank v. Superior Court, 134 Cal. App. 4th 886, 36 Cal. Rptr. 3d 456 (2005), and the Court of Appeal enforced the arbitration provision requiring arbitration on an individual, non-class basis. Id. at 898, 36 Cal. Rptr. 3d at 464.

134. The Citi Defendants deny the allegations of paragraph 134 of the

Amended Complaint.

135. The Citi Defendants deny the allegations of paragraph 135 of the Amended Complaint.

136. The Citi Defendants admit that plaintiffs purport to quote from guidance issued by the Office of the Comptroller of the Currency. The Citi Defendants deny the allegations of paragraph 136 of the Amended Complaint as to the Citi Defendants; as to other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 136 of the Amended Complaint and, therefore, deny the same.

137. The Citi Defendants deny that they “collusive[ly] impos[ed] ... compulsory arbitration clauses” and deny that arbitration clauses have reduced the value of the general purpose cards the Citi Defendants issue. The Citi Defendants deny any remaining allegations of paragraph 137 as well.

138. The Citi Defendants deny that they participated in a “conspiracy to impose class-barring arbitration clauses” and deny that their arbitration clauses have diminished the overall value of their general purpose card services to cardholders. The Citi Defendants deny the remaining allegations of paragraph 138 of the Amended Complaint as well.

139. The Citi Defendants deny that their arbitration clauses were “collusively imposed” and deny that their general purpose cards with arbitration clauses “are less valuable to cardholders.” The Citi Defendants deny the remaining allegations of paragraph 139 of the Amended Complaint as well.

140. The Citi Defendants deny the allegations of paragraph 140 of the Amended Complaint as to the Citi Defendants; as to other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 140 of the Amended Complaint and, therefore, deny the same.

141. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of paragraph 141 of the Amended Complaint and, therefore, deny the same. The Citi Defendants admit that arbitration administrators assess certain fees for their services. The Citi Defendants deny the remaining allegations of paragraph 141 of the Amended Complaint.

142. The Citi Defendants admit that plaintiffs purport to quote from a statement issued by Eric Mogilnicki, Esq. and aver that the statement speaks for itself. The Citi Defendants deny the remaining allegations of paragraph 142 of the Amended Complaint as to the Citi Defendants; as to other entities, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 142 of the Amended Complaint and, therefore, deny the same.

143. The Citi Defendants deny the allegations of paragraph 143 of the Amended Complaint.

144. The Citi Defendants admit that plaintiffs purport to bring this action as a class action under Fed. R. Civ. P. 23(b)(2). The Citi Defendants deny the remaining allegations of paragraph 144 of the Amended Complaint.

145. The Citi Defendants admit that plaintiffs purport to define a putative class,

and deny the remaining allegations of paragraph 145 of the Amended Complaint.

146. The Citi Defendants admit that plaintiffs purport to bring a suit on behalf of a putative subclass as described in paragraph 146 of the Amended Complaint. The Citi Defendants lack knowledge and information sufficient to form a belief as to the truth of the allegations in paragraph 146 of the Amended Complaint and, therefore, deny the same.

147. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 147 of the Amended Complaint and, therefore, deny the same.

148. The Citi Defendants deny the allegations of paragraph 148 of the Amended Complaint.

149. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 149 of the Amended Complaint and, therefore, deny the same.

150. The Citi Defendants deny the allegations of paragraph 150 of the Amended Complaint, including subparts A through F.

151. The Citi Defendants deny the allegations of paragraph 151 of the Amended Complaint.

152. The Citi Defendants lack knowledge and information sufficient to form a belief as to the truth of the allegations in paragraph 152 of the amended complaint and, therefore, deny the same.

153. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 153 of the Amended Complaint and, therefore, deny the same.

154. The Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 154 of the Amended Complaint and, therefore, deny the same.

155. The Citi Defendants state that any allegations in paragraph 155 based in whole or part on the allegations in In re Currency Conversion Fee Antitrust Litig., MDL No. 1409, are barred by the settlement of that action and, therefore, no answer is required regarding such allegations. To the extent that an answer is required, the Citi Defendants deny the allegations of the first sentence of paragraph 155 of the Amended Complaint; as there was no conspiracy, the Citi Defendants deny any allegation regarding plaintiffs' alleged discovery thereof. The Citi Defendants admit that a lawyer for the Citi Defendants attended a meeting on May 25, 1999 that included a discussion of arbitration issues; the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations of the second sentence of paragraph 155 of the Amended Complaint and, therefore, deny the same. The Citi Defendants deny the allegations of the third sentence of paragraph 155 of the Amended Complaint as to the Citi Defendants; as to any entities other than the Citi Defendants, the Citi Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of the third sentence of paragraph 155 of the Amended Complaint and, therefore, deny the same. The Citi Defendants deny the allegations of the fourth sentence of paragraph 155 of the Amended Complaint.

156. The Citi Defendants admit that plaintiffs' counsel sought certain discovery in the In re Currency Conversion Fee Antitrust Litigation, MDL 1409, proceedings. The Citi Defendants deny the remaining allegations of paragraph 156 of the Amended Complaint.

157. The Citi Defendants state that any allegations in paragraph 157 based in whole or part on the allegations in In re Currency Conversion Fee Antitrust Litig., MDL No. 1409, are barred by the settlement of that action and, therefore, no answer is required regarding such allegations. To the extent that an answer is required, the Citi Defendants deny the allegations of paragraph 157 of the Amended Complaint.

158. The Citi Defendants admit that they have validly asserted that certain documents and information are protected by privileges. The Citi Defendants deny the remaining allegations of paragraph 158 of the Amended Complaint.

159. The Citi Defendants deny the allegations of paragraph 159 of the Amended Complaint.

160. The Citi Defendants incorporate herein by reference their responses to the allegations in paragraphs 1 through 159 of the Amended Complaint as if fully set forth herein.

161. The Citi Defendants deny the allegations of paragraph 161 of the Amended Complaint.

162. The Citi Defendants deny the allegations of paragraph 162 of the Amended Complaint, including subparts A through D.

163. The Citi Defendants state that any allegations in paragraph 163 based in whole or part on the allegations in In re Currency Conversion Fee Antitrust Litig., MDL No. 1409, are barred by the settlement of that action and, therefore, no answer is required regarding such allegations. To the extent that an answer is required, the Citi Defendants deny the allegations of paragraph 163 of the Amended Complaint.

164. The Citi Defendants deny the allegations of paragraph 164 of the Amended Complaint.

165. The Citi Defendants deny the allegations of paragraph 165 of the Amended Complaint as they pertain to the Citi Defendants. The Citi Defendants lack knowledge and information sufficient to form a belief as to the truth of the allegations in paragraph 165 of the Amended Complaint as they pertain to any entities other than the Citi Defendants and, therefore, deny the same.

166. This paragraph contains a legal conclusion to which no answer is required; however, to the extent an answer is required, the Citi Defendants deny the allegations in paragraph 166 of the Amended Complaint as they pertain to the Citi Defendants. The Citi Defendants lack knowledge and information sufficient to form a belief as to the truth of the allegations in this paragraph as they pertain to any entities other than the Citi Defendants and, therefore, deny the same.

167. The Citi Defendants deny the allegations of paragraph 167 of the Amended Complaint.

168. The Citi Defendants incorporate herein by reference their responses to the

allegations in paragraphs 1 through 167 of the Amended Complaint as if fully set forth herein.

169. The Citi Defendants deny the allegations of paragraph 169 of the Amended Complaint.

170. The Citi Defendants deny the allegations of paragraph 170 of the Amended Complaint.

171. The Citi Defendants deny the allegations of paragraph 171 of the Amended Complaint.

172. The Citi Defendants deny the allegations of paragraph 172 of the Amended Complaint.

173. This paragraph contains a legal conclusion, which does not require a response. Nevertheless, to the extent a response is required, the Citi Defendants deny the allegations of paragraph 173 of the Amended Complaint with respect to the Citi Defendants. The Citi Defendants lack knowledge and information sufficient to form a belief as to the truth of the allegations in this paragraph as they pertain to any entities other than the Citi Defendants and, therefore deny the same.

174. The Citi Defendants deny the allegations of paragraph 174 of the Amended Complaint.

For their answer to plaintiffs' jury demand, the Citi Defendants state that the demand for trial by jury is inapplicable and should be stricken because plaintiffs have no

constitutional, statutory, or other right to a jury trial for the claims asserted in the Amended Complaint.

SEPARATE AND/OR AFFIRMATIVE DEFENSES

The Citi Defendants state as follows for their separate and/or affirmative defenses to plaintiffs' Amended Complaint:

FIRST DEFENSE

Plaintiffs' Amended Complaint fails to state a claim upon which relief can be granted.

SECOND DEFENSE

The Citi Defendants specifically reserve all separate or affirmative defenses that they may have against the putative classes. It is not necessary at this time for the Citi Defendants to delineate such defenses because no class has been certified and the putative class members are not parties to the litigation.

THIRD DEFENSE

Jurisdiction over plaintiffs' claims is lacking under Article III of the United States Constitution. The Citi Defendants recognize that this defense has been overruled by the Second Circuit, but assert it to preserve their rights.

FOURTH DEFENSE

Plaintiffs have not incurred injury that is cognizable under federal antitrust law.

FIFTH DEFENSE

Plaintiffs' Amended Complaint and this action should be dismissed as a sanction for plaintiffs' violation of the protective order entered in In re Currency Conversion Fee Antitrust Litigation, MDL 1409. A motion for such relief has been filed and remains pending in that proceeding.

SIXTH DEFENSE

As part of the settlement In re Currency Conversion Fee Antitrust Litigation, MDL 1409, plaintiffs released not only any claims or causes of action against the defendants in that action regarding foreign currency exchange rates, but also any right to relitigate the facts, circumstances, and allegations of an alleged conspiracy regarding such rates against those defendants. To the extent that any allegations in this Action are based in whole or in part on the allegations in In re Currency Conversion Fee Antitrust Litig., MDL No. 1409, they are barred by the settlement of that action.

WHEREFORE, defendants Citigroup Inc., Citibank (South Dakota), N.A. (on its own behalf and as successor-in-interest to Citibank USA, N.A. and Universal Bank, N.A.), Universal Financial Corp., and Citicorp Diners Club Inc. respectfully request that the Court dismiss the Amended Complaint with prejudice, enter judgment in their favor and against the plaintiffs, award them attorneys' fees, costs, and expenses, and grant them such further relief as is just and equitable.

Dated: New York, New York
July 17, 2009

SIDLEY AUSTIN LLP

By: 

Benjamin R. Nagin
Catherine B. Winter
787 Seventh Avenue
New York, New York 10019
(212) 839-5300

David F. Graham
Theodore R. Scarborough
Eric H. Grush
SIDLEY AUSTIN LLP
One South Dearborn Street
Chicago, Illinois 60603
(312) 853-7000

James A. Huizinga
John K. Van De Weert
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000

Attorneys for defendants Citigroup Inc.,
Universal Financial Corp., Citicorp Diners Club
Inc., and Citibank (South Dakota), N.A., on its
own behalf and as successor-in-interest to
Citibank USA, N.A. and Universal Bank, N.A.