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Citigroup's Mathur Said to Depart With Hybrid Traders as Pandit Cuts Jobs

By Donal Griffin - Dec 9, 2011

Citigroup Inc. (C), the third-biggest U.S. bank, is shrinking a team of traders who deal in “hybrid” products as Chief Executive Officer Vikram Pandit cuts Wall Street jobs, two people familiar with the matter said.

Samir Mathur, former head of hybrid trading, is leaving the New York-based firm and is in talks to join a hedge fund, according to one of the people, who asked to remain anonymous because the move hasn't been announced. Other members of the desk who reported to him, including Yontcho Valtchev, Vivek Kapoor, Eric Kim, Sean Corrigan and Allison Niiya, also are leaving, the person said.

Mathur is among ex-members of the desk who are at the center of a dispute with Ghazi Abbar, a former customer from Jeddah, Saudi Arabia. Abbar claims he lost \$383 million of his family's fortune when Citigroup sold him products that later soured, even though the bank internally questioned his ability to properly manage some of them. Pandit, 54, is shrinking the desk as he cuts 4,500 jobs amid a revenue slump.

“It makes sense for Citigroup to reduce the size of its sales trading activities, particularly in developed markets,” Richard Staite, an analyst at Atlantic Equities LLP, wrote in a Dec. 7 note to clients. “We believe a shift away from trading toward lower-risk consumer and corporate banking may lead to a higher valuation multiple.”

Mathur follows Erwin Parviz, the former London-based head of hybrid structuring who left Citigroup in June, according to U.K. Financial Services Authority records.

Investment Banking

Planned layoffs will include about 900 from the division that contains trading and investment banking, a person familiar with the matter said last month.

Danielle Romero-Apsilos, a Citigroup spokeswoman, declined to comment. Members of the hybrid team didn't respond to phone messages, said they couldn't comment or couldn't be located for comment. Citigroup, with 267,000 employees worldwide as of Sept. 30, is the

third-biggest U.S. bank by assets behind JPMorgan Chase & Co. (JPM) and Bank of America Corp. (BAC)

Mathur's team traded hybrid derivatives, financial instruments that derive their values from different underlying assets. Buyers seek to profit from the performance of assets, such as a stake in a hedge fund, without directly owning them. The desk often sold products to large investment firms including Man Group Plc (EMG) and Tudor Investment Corp., people familiar with the matter said last month.

Taxpayer Bailout

Mathur helped to create one of Abbar's transactions, according to an arbitration claim Abbar has filed with the Financial Industry Regulatory Authority. The bank denies the allegations and has sued Abbar to block the arbitration.

Mathur has worked as a trader for Citigroup since 1998, according to Finra records. He rose to become head of hybrid trading before the bank almost collapsed in 2008 and received a \$45 billion taxpayer bailout.

Colleagues of Mathur's also are Wall Street veterans, Finra records show. Valtchev had worked for Citigroup since 2005 after stints with Deutsche Bank AG and Barclays Plc (BARC), while Kapoor joined in 2007 after working at UBS AG, Credit Suisse Group AG (CS) and Standard & Poor's. Niiya had worked for Citigroup since 2000, according to the records. While most are traders, Kim is an analyst.

Citigroup advanced \$1.30, or 4.7 percent, to \$29.05 at 11:06 a.m. in New York. The stock tumbled 41 percent this year through yesterday.

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