

**IN THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK**

CARMEN M. SEGARRA,	:	
	:	
Plaintiff,	:	
	:	
v.	:	CIVIL ACTION NO.
	:	
	:	
THE FEDERAL RESERVE BANK of NEW YORK; MICHAEL SILVA; MICHAEL KOH; and JOHNATHON KIM,	:	JURY TRIAL DEMANDED
	:	
Defendants.	:	
	:	

COMPLAINT

Plaintiff Carmen M. Segarra (hereinafter “Carmen” or “Carmen Segarra”), by and through her attorney, Linda J. Stengle, Esq., brings this action against Defendants Federal Reserve Bank of New York, Michael Silva, Michael Koh, and Johnathon Kim (hereinafter “Defendants”). Plaintiff Carmen Segarra alleges as follows:

I. INTRODUCTION

1. This action arises out of Defendants’ violations of 12 U.S.C. § 1831 and other laws prohibiting obstruction and interference with a bank examiner’s examination and retaliation for her preliminary examination findings.
2. On October 31, 2011, Carmen Segarra accepted full time employment offered to her by Defendant Federal Reserve Bank of New York. Carmen’s title was Senior Bank Examiner, and she was assigned to examine the Legal and Compliance divisions of the Goldman Sachs Group (hereinafter “Goldman” or “Goldman

- Sachs”).
3. Through their misconduct, Defendants repeatedly obstructed and interfered with Carmen’s examination of Goldman over several months. Finally, in May 2012, Defendants directed Carmen to change the findings of her examination. Carmen refused. Because Carmen refused to change her findings, Defendants terminated her three business days later, on May 23, 2012.
 4. In addition, Defendants improperly caused Carmen Segarra reputational and professional harm by firing her for cause. Specifically, they fired her because they suddenly, after months receiving evidence, changed their position and said Carmen’s finding that Goldman Sachs had no conflict of interest policy in compliance with SR 08-08 was not credible.
 5. Defendants caused Carmen Segarra’s career in banking to be irreparably damaged.
 6. Plaintiff Carmen Segarra seeks reinstatement to her position as Senior Bank Examiner, back pay, compensation for lost benefits, compensatory damages, punitive damages, and attorney’s fees, costs, and expenses, in an amount determined by the Court, to redress Defendants’ illegal and improper conduct.

II. JURISDICTION AND VENUE

7. This Court has jurisdiction over the subject matter of this action: (i) pursuant to 12 U.S.C. § 1831, which specifically confers jurisdiction of this Court for violations of 12 U.S.C. § 1831; and (ii) pursuant to 28 USC § 1331, which confers federal subject matter jurisdiction.
8. This Court has supplemental jurisdiction over the state law claims under

28 U.S.C. § 1367.

9. Venue is proper in this District because Defendants conduct business in this District, and acts giving rise to this Complaint originated in this District.

III. PARTIES

10. Plaintiff Carmen Segarra attended Harvard, Columbia, and Cornell University Law School and is an attorney who works in banking. She was employed by Defendant Federal Reserve as Senior Bank Examiner from October 31, 2011, through May 23, 2012. Prior to her employment with the Federal Reserve, Carmen served as Legal Counsel for Societe Generale, as Legal Counsel for MBNA, and as Senior Legal Counsel for Citi. Carmen Segarra resides in New York.
11. Defendant Federal Reserve Bank of New York (hereinafter “Defendant Federal Reserve” or “FRNBY”) is located at 33 Liberty Street in New York, NY 10045. The Federal Reserve Bank of New York states on its web page that it “works within the Federal Reserve System and with other public and private sector institutions to foster the safety, soundness, and vitality of our economic and financial systems.” There is a history of employees moving from employment at Goldman to employment at the Federal Reserve and vice versa. Top level management for the Federal Reserve worked at Goldman previously. There are also Federal Reserve personnel who are embedded at Goldman. Prior to 2011, approximately three Federal Reserve employees were embedded on site at Goldman, and one of those employees was Michael Koh.
12. Defendant Michael F. Silva is a relationship manager for the Federal Reserve

Bank of New York at 33 Liberty Street in New York, NY 10045. Prior to serving as the relationship manager for the FRBNY-Goldman relationship, Silva was chief of staff to Timothy Geithner. According to FRBNY's web page, he is currently chief of staff and senior vice president for the Executive Group at the FRBNY. Silva first became employed by the Federal Reserve as a law clerk in 1992.

13. For all times relevant to this Complaint, Defendant S. Michael Koh was Michael Silva's deputy. Koh's title is Assistant Vice President. Before his employment at the Federal Reserve, Koh worked for Shearson Lehman Brothers.
14. Defendant Johnathon J. Kim was Carmen's supervisor and still works for the Federal Reserve Bank of New York at 33 Liberty Street in New York, NY 10045. He is the Supervising Officer of the Legal and Compliance risk team. On July 22, 2012, the Federal Reserve announced it had promoted Defendant Kim.

IV. STATEMENT OF THE FACTS

15. In 2011, news sources published articles about 3 Goldman transactions that raised questions about Goldman's management of its conflicts of interest. The three transactions were known as Solyndra, Capmark, and El Paso/Kinder Morgan.
16. Defendant Federal Reserve Bank hired Carmen Segarra on October 31, 2011. Carmen's title was Senior Bank Examiner. Defendant Federal Reserve assigned Carmen to specifically examine Goldman Sachs's conflict of interest program and the three transactions discussed in the media - Solyndra, Capmark, and El Paso/Kinder Morgan.
17. Carmen's supervisor, Defendant Johnathon Kim, met with Carmen on November

1, 2011, to discuss Carmen's impending examination of Goldman's conflict of interest program. During that meeting, Defendant Kim provided Carmen with a copy of SR 08-08 to use as the basis of her examination of Goldman. Defendant Kim also showed Carmen printed copies of emails written by Defendant Federal Reserve employees that discussed the Solyndra, Capmark, and El Paso/Kinder Morgan transactions. In addition to examining Goldman's conflict of interest program, Defendant Kim assigned Carmen the responsibility of examining specific Goldman transactions, including Solyndra, Capmark, and El Paso/Kinder Morgan.

18. "SR 08-08" is the term bank examiners use to refer to Federal Reserve Supervision and Regulation 08-08 entitled "Complex Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles." The Federal Reserve promulgated SR 08-08 on October 16, 2008, under the Federal Reserve's authority to issue banking supervision regulations under the Bank Holding Company Act of 1956 and the Federal Reserve Act.
19. SR 08-08 requires large complex banking organizations to implement a firmwide conflict of interest program that is documented with a set of policies and procedures and compliance risk management standards defined in SR 08-08. SR 08-08 states, "*Firmwide compliance risk management* refers to the processes established to manage compliance risk across an entire organization, both within and across business lines, support units, legal entities, and jurisdictions of operation. This approach ensures that compliance risk management is conducted in a context broader than would take place solely within individual business lines

or legal entities. The need for a firmwide approach to compliance risk management at larger, more complex banking organizations is well demonstrated in areas such as anti-money laundering, privacy, affiliate transactions, conflicts of interest, and fair lending, where legal and regulatory requirements may apply to multiple business lines or legal entities within the banking organization. ... The processes established for managing compliance risk on a firmwide basis should be formalized in a compliance *program* that establishes the framework for identifying, assessing, controlling, measuring, monitoring, and reporting compliance risks across the organization, and for providing compliance training throughout the organization. A banking organization's compliance risk management program should be documented in the form of compliance policies and procedures and compliance risk management standards." (Emphasis added.)

20. Part of FRBNY's examination involved obtaining documents from Goldman. FRBNY would ask Goldman to produce documents to demonstrate Goldman's compliance with SR08-08 and to allow bank examiners to review Goldman's conduct in transactions. As Senior Bank Examiner, Carmen prepared the Document Requests for review and approval by Defendants. After the Defendants approved the Document Requests, they were sent to Goldman.
21. There were three Document Requests issued to Goldman about conflicts of interest practices during Carmen's employment with FRBNY. Goldman ignored the First Document Request.
22. Carmen asked Goldman for its firmwide conflict of interest policy. Goldman reported it had no firmwide conflict of interest policy on several occasions from

November 8, 2011, through May 23, 2012.

23. Defendant Federal Reserve's employees frequently discussed Goldman's lack of a firmwide conflict of interest policy. Defendant Federal Reserve knew some of Goldman's divisions had allegedly adopted conflict of interest policies, and Defendant Federal Reserve also knew that none of the divisions' conflict of interest policies satisfied the requirements of SR 08-8.
24. At the direction of her supervisors, Carmen organized a meeting with Goldman scheduled for December 8, 2011, to discuss Goldman's conflict of interest program. At the meeting, Goldman stated it had no firmwide conflict of interest policy.
25. Goldman was also asked to discuss its role and potential conflicts of interest in the El Paso/Kinder Morgan transaction.
26. Gwen Libstag, on behalf of Goldman, said no one could have predicted El Paso would approach Kinder Morgan, and she said once Goldman discovered the situation, it had laid out the situation for the board in "excruciating detail." (See attached meeting minutes.)
27. Randy Stuzin, then current co-general counsel in London and Goldman's counsel for conflicts of interest, agreed with Libstag and told bank examiners that Goldman had board meeting minutes and email confirmation of the discussions.
28. When the bank examiners asked for documentation of the discussions, they found the written evidence produced by Goldman to be inconsistent with Stuzin's and Libstag's statements to bank examiners.
29. After the Goldman meeting, Defendant Michael Silva convened an impromptu

- meeting with FRBNY employees, including Carmen.
30. During the impromptu meeting, Defendant Silva expressed alarm about the implications of Goldman's failure to properly manage conflicts of interest, should those failures become known to consumers and clients. To the meeting's participants, Defendant Silva said he believed Defendant Federal Reserve Bank of New York possessed information about Goldman that could cause Goldman to "explode." Silva noted Goldman personnel had "choked on the backchecking issues." (See 12.8.11 Meeting Minutes attached.) Defendant Silva expressed concern that Goldman would suffer significant financial harm if consumers and clients learned the extent of Goldman's noncompliance with rules on conflict of interest.
 31. Defendants Silva and Koh realized an examination of Goldman's conflict of interest program might result in findings that could cause a consumer "run off." Defendant Silva became concerned large numbers of consumers and clients would discontinue use of Goldman's services if they knew Goldman had no effective way of managing conflicts of interest in financial transactions.
 32. As Senior Bank Examiner assigned to examine Goldman's conflict of interest program, Carmen wrote the Federal Reserve's official meeting minutes for the December 8, 2011, meeting with Goldman. (See meeting minutes and notes attached.)
 33. Susan Goldberg, an employee working on behalf of Defendants, reviewed Carmen's minutes for the December 8, 2011, Goldman meeting. Susan Goldberg discussed the content of the minutes with Defendant Silva.

34. On December 28, 2011, Goldberg asked Carmen to change her meeting minutes to delete references to Goldman's violations of SR 08-08. Carmen refused to change the minutes. (See meeting notes attached.)
35. Carmen complained about Goldberg's request to Defendant Kim. Defendant Silva and Defendant Koh became aware of Carmen's complaint.
36. On January 6, 2012, at 3:54 PM, Goldman emailed Defendant Federal Reserve information about a transaction known as the Santander transaction.
37. Defendant Federal Reserve assigned Carmen to review the Santander transaction as part of her work in examining Goldman.
38. Goldman personnel told Carmen Goldman had performed "AML due diligence" on the Santander transaction. Carmen asked for documentation of the AML due diligence, and Goldman admitted it had no documentation of any AML due diligence work for the Santander transaction.
39. In addition to finding that Goldman fabricated information about performing due diligence on the Santander transaction, Carmen's examination of the Santander transaction revealed Goldman misrepresented Defendant's approval of the transaction.
40. As of January 6, 2012, Defendant Federal Reserve had not approved the Santander transaction. Goldman stated to third parties that it had approval for the Santander transaction when Goldman did not have approval.
41. Carmen informed Defendants of Goldman's misrepresentation of the Federal Reserve's approval of the Santander transaction.
42. Without Carmen's prior knowledge, Defendant Koh discussed with Goldman

Carmen's finding of misrepresentation of the FRBNY's approval of the Santander transaction. Afterwards, Defendant Koh told Carmen Goldman admitted the misconduct. Defendant Koh told Carmen Goldman said it engaged in such misrepresentations "all the time." Koh said he did not think Goldman's misrepresentation was important, and Koh further opined that because the Santander transaction was closed, Goldman's misrepresentation about FRBNY's approval of the transaction was moot.

43. As Senior Bank Examiner, Carmen disagreed with Defendant Koh and believed Goldman's misrepresentations were improper and warranted attention. Carmen discussed Goldman's misrepresentations with the head of the Legal and Compliance group who agreed the conduct was inappropriate. He suggested to Carmen that FRBNY send a reprimand letter to Goldman and that she formally present the matter to the entire Legal and Compliance Risk team.
44. Defendant Koh was unhappy that Carmen pursued the issue. He complained about Carmen to Defendant Kim. In response to Defendant Koh's complaint, Kim forbade Carmen from discussing the Santander transaction with anyone else at the Federal Reserve Bank of New York.
45. Defendant Kim told Carmen not to discuss Santander with anyone who asked her questions about Santander, even attorneys from the Federal Reserve's Legal Department. Carmen asked Kim for a reason, and Defendant Kim stated, "Because I say so. For your protection."
46. Because Defendants prohibited Carmen from asking any further questions about Santander, Carmen could not finish her examination of the Santander transaction.

47. In January 2012, Carmen began meeting weekly with Goldman to discuss issues arising from her multiple ongoing examinations of Goldman, which included, but were not limited to, conflict of interest practices.
48. Around this time, Carmen began reviewing Goldman's CABS system, the system Goldman said it used to document and track conflicts issues. She continued her examination of the El Paso/Kinder Morgan, Capmark, and Solyndra transactions.
49. By February 2012, Defendant Silva was meeting regularly with Carmen to instruct her on how to go about her examination on Goldman.
50. On February 9, 2012, Carmen, as part of her examination, issued a Second Document Request to Goldman. The Second Document Request included requests for documents about conflict of interest practices and the El Paso/Kinder Morgan transaction. (See excerpts of response attached.) Goldman had ignored the First Document Request issued by FRBNY in November.
51. In February 2012, Una Neary of Goldman called the Federal Reserve and said Goldman was very nervous about producing the documents Carmen had requested. Neary asked for an extension and a face to face meeting to allow Goldman to present the documents to the bank examiners. FRBNY again agreed to a meeting, and after several weeks of comparing schedules, the meeting was set for April 25, 2012.
52. On February 22, 2012, Defendant Silva convened the FRBNY quarterly meeting with the Goldman's Legal Department. Carmen attended and asked questions about how Goldman managed conflicts of interest. Goldman reiterated the explanations and positions it took in the previous meetings with FRBNY held on

- November 9, 2011, and December 8, 2011. (See meeting minutes for November 9, 2011, and December 8, 2011, attached.)
53. About a week later, on February 29, 2012, Judge Strine issued his decision in response to a shareholder petition asking to stop the El Paso/Kinder Morgan merger for which Goldman had been giving financial advice to El Paso.
 54. In his decision, Judge Strine criticized Goldman's management of financial conflicts of interest at play in the proposed merger and noted "Goldman's huge financial interest in Kinder Morgan."
 55. At one point in the decision, Judge Strine commented that "Goldman had its hands in the dough."
 56. Judge Strine noted Goldman owned approximately \$4 billion worth of Kinder Morgan stock.
 57. Judge Strine also said, "Goldman's lead banker failed to disclose his own personal ownership of approximately \$340,000 in Kinder Morgan stock, a very troubling failure that tends to undercut the credibility of his testimony and of the strategic advice he gave." The lead Goldman banker advising El Paso was Stephen Daniels. Stephen Daniels failed to tell El Paso that he personally owned \$340,000 in Kinder Morgan stock.
 58. Defendants became aware of Judge Strine's decision on March 1, 2012, when Bloomberg reported details of the decision in an article entitled, "Goldman Criticized by Judge on Kinder Morgan Deals."
 59. Defendants gave Goldman permission to delay the production of documents and agreed to allow Goldman make its presentation.

60. Goldman's response to the Second Document Request showed it did not have a firmwide conflict of interest policy that complied with SR 08-08. Goldman provided some procedures for individual divisions but had no policy in place firmwide. (See portions of Goldman's response to the Second Document Request attached.)
61. Contrary to Goldman's statements made to Carmen on December 8, 2011, Goldman now stated that no such documentation of a board review of conflicts in the El Paso/Kinder Morgan transaction existed. Goldman now said no board minutes were involved in the Conflicts clearance process and now said the Conflicts Group for Goldman did "not confer with the Board of Directors of The Goldman Sachs Group, Inc. on specific transactions." (See Goldman response to questions about the El Paso/Kinder Morgan transaction attached.)
62. In response to requests by FRBNY for conflicts policies in effect as of November 1, 2011, Goldman produced procedures dated December 1 and 5, 2011, that appeared, on their face, to be the first ever conflicts of interest procedures for individual Goldman divisions.
63. On March 21, 2012, the Legal and Compliance risk team met all day. Defendant Kim attended the meeting. The Legal and Compliance risk team is a group of FRBNY bank examiners charged with examining the Legal and Compliance divisions of major banks, specifically the largest banks supervised by FRBNY.
64. As part of the day's activities, Carmen reported in detail about her examination of Goldman's conflict of interest policies and Goldman's non-compliance with SR 08-08. The group agreed Goldman's failure to comply with SR 08-08 warranted

mention in the annual report and/or examination letter to be issued by FRBNY to Goldman to cover the findings pertaining to the conflicts of interest program examination.

65. As of the end of the day on March 21, 2012, the Legal and Compliance risk team agreed Goldman's failure to comply with SR 08-08 should be labeled as a "Matter Requiring Immediate Attention" or a "Matter Requiring Attention." The Legal and Compliance risk team also approved downgrading Goldman's annual rating pertaining to policies and procedures to show Goldman had systemic policy and procedure issues due to its noncompliance with SR 08-08. (See Rating Sheet attached.)
66. Defendants Silva and Koh did not attend the daylong session on March 21, 2012.
67. On March 28, 2012, Carmen informed Defendants Silva and Koh about the decision of the Legal and Compliance risk team. Defendant Kim was in attendance. Defendants Silva and Koh also learned that the Legal and Compliance risk team planned to downgrade Goldman's annual rating pertaining to policies and procedures.
68. In early April, Carmen identified additional documents needed to complete her examination of Goldman's conflict of interest program and the El Paso/Kinder Morgan transaction. She prepared a Third Document Request. This Request was issued to Goldman on April 17, 2012.
69. On April 22, 2012, Goldman's responded to Third Request for Documents.
70. On April 23rd and 24th, Carmen analyzed the documents produced by Goldman with a New York state bank examiner. The two examiners finalized a list of 65

questions they had about Goldman's conflict of interest program.

71. On April 25, 2012, in the morning before the scheduled meeting with Goldman, Defendant Silva instructed Carmen not to ask Goldman any questions at all. For the first time, Silva said Carmen had to have her questions for Goldman pre-approved and asked if, in fact, Carmen had obtained prior approval for the questions she intended to ask Goldman at the meeting. Carmen responded that she had discussed the conflict of interest program questions with Defendant Johnathon Kim.
72. Defendant Silva relented, in part, and told Carmen she could ask Goldman the questions she had discussed with Defendant Johnathon Kim.
73. Defendant Silva told Carmen she was prohibited from asking about the El Paso transaction. Silva said Defendants had decided such questions would cause Goldman to "waive privilege."
74. FRBNY had never prevented Carmen from asking questions at meetings with Goldman before April 25, 2012, nor had Defendants ever before required Carmen to obtain prior approval for questions she wanted to ask at the meeting. Because she could not ask questions, Carmen could not complete her examination of the El Paso/Kinder Morgan transaction.
75. At the meeting, Goldman talked about Stephen Daniels, the Goldman employee Judge Strine said owned \$340,000 of Kinder Morgan stock in the February 29, 2012, ruling about the El Paso/Kinder Morgan transaction. The SEC was in attendance and asked questions about Daniels. Goldman's responses to questions about Daniels were muddled.

76. From the muddled responses Goldman was making in response to questions, Carmen believed Goldman was reasoning it had no firmwide conflicts of interest policy in place, so Stephen Daniels had not violated a conflicts of interest policy, so Goldman did not have to discipline Stephen Daniels for failing to disclose his personal ownership of \$340,000 in stock. In other words, Goldman reasoned Stephen Daniels had done nothing wrong because Goldman had no conflicts of interest policy.
77. On April 25, 2012, after the Goldman meeting, Defendant Silva told Carmen to send the 65 questions she had prepared with the New York state bank examiner to Silva and other employees of the Federal Reserve. Defendant Silva told Carmen the questions had to be reviewed and approved by the Defendant before they were issued to Goldman.
78. The questions were never approved by Defendants, and they were never asked of Goldman.
79. On May 3, 2012, Carmen met with Una Neary of Goldman for their regularly scheduled weekly meeting. Carmen asked again about a firmwide conflict of interest policy, and Neary stated again that Goldman had no firmwide conflict of interest policy in compliance with SR 08-08.
80. Despite the restrictions placed on Carmen by Defendants, Carmen had nearly concluded her examination of Goldman's conflict of interest policies by the first week of May. Consistent with the decision of the Legal and Compliance risk team on March 21, 2012, Carmen was finalizing her report and preparing language that would be used to describe Goldman's noncompliance with SR 08-08 in the annual

letter to Goldman and the annual report of the bank examiners' activities. The annual letter and the annual report were issued each year in late May or early June. She was also compiling documentation needed for issuing MRAs and MRAs.

81. Defendants knew Goldman had no firmwide conflict of interest policy in compliance with SR 08-08. Defendants also knew Carmen planned to identify Goldman's failure to comply with SR 08-08 in the annual report and the annual letter scheduled to be issued at the end of May and planned to identify the conflict of interest examination findings as "MRIA" or "MRA" either in the annual letter or a specific examination letter issued concurrently or shortly after the annual letter and report.
82. On May 11, 2012, Defendant Michael Silva stated he was considering adopting the position that Goldman had a conflict of interest policy.
83. A member of the Legal and Compliance risk team heard Defendant Silva's statement and became confused because he knew Silva's statement was contrary to Carmen's examination findings. The Legal and Compliance risk team member suggested Carmen send an email confirming her preliminary examination results about Goldman's noncompliance with SR 08-08.
84. Carmen sent the email to Defendants. (See Email sent from Carmen Segarra to Defendants Silva, Koh, and Kim and Tamara Marcopulos on May 11, 2012 at 12:49 PM attached.)
85. On May 11, 2012, in response to the email, Defendant Kim said Carmen's email was "premature" though he knew Carmen was simply repeating information that

had been shared with and approved by the Legal and Compliance risk team on March 21, 2012. (See Email sent from Defendant Kim to Carmen Segarra and Defendant Silva on May 11, 2012 at 5:41 PM attached.)

86. Two days later, on May 13, 2012, Defendant Silva stated he had found Goldman had a firmwide conflict of interest policy. Defendant Silva referenced a noncompliant mention of personal conflicts of interest in Goldman's 2011 Code of Business Conduct and Ethics. (See Email sent from Defendant Silva to Carmen Segarra on 5.13.12 at 11:32 PM attached.)
87. Defendant Silva was not a bank examiner. He was a "relationship manager" for Goldman. Defendant Silva had not conducted a formal examination of Goldman's conflict of interest program. Carmen did not work directly for Defendants Silva and Koh. Her supervisor was Defendant Kim.
88. On May 15, 2012, Defendants Silva and Koh met with Carmen and attempted to force her to change the findings of her examination of Goldman. They said they did not believe her finding that Goldman had no conflict of interest policy was "credible." Defendants Silva and Koh told Carmen that she had to "come off of that position."
89. To change her findings and to provide support for those false findings, Carmen would also have to alter, destroy, and or suppress meeting records and documents produced by Goldman in response to the examination questions and document requests. Such conduct was illegal and could subject Carmen to criminal charges. Carmen told Defendants Silva and Koh she did not believe it was responsible or proper to change her findings to say Goldman had a firmwide conflict of interest

- policy when so much evidence existed showing Goldman's non-compliance. She emailed Defendant Silva to confirm her refusal to change her findings, and she emailed Defendant Kim to notify him of Defendant Silva's improper request.
90. Three business days later, on May 23, 2012, Defendants terminated Carmen and had security escort her from the building. Defendants terminated Carmen because her bank examination found that Goldman had no conflict of interest program in compliance with SR08-08 and because Carmen refused to change her examination findings.
91. As a result of Defendants' improper termination, Carmen has suffered reputational harm and decreased employment prospects.

V. CAUSES OF ACTION

COUNT ONE Violation of 12 U.S.C. § 1831 Prohibitions for Terminating Bank Examiners for Engaging in Protected Conduct

92. All of the preceding paragraphs are reincorporated and realigned by reference, herein.
93. Defendant Federal Reserve is a "Federal reserve bank" as identified in 12 U.S.C. § 1831(a)(2).
94. Defendants Silva, Koh, and Kim are "employees of banking agencies" as identified in 12 U.S.C. § 1831(a)(2).
95. At all times relevant to this Complaint, Defendant Federal Reserve employed Carmen as a Senior Bank Examiner, and she provided information to the Federal Reserve regarding Goldman's violations of conflict of interest regulations and its misrepresentations to bank examiners.

96. Carmen's examination findings and related work activities were protected conduct as described within 12 U.S.C. § 1831's description of protected conduct.
97. Defendants terminated Carmen for finding Goldman did not have a firmwide conflicts of interest policy in compliance with SR 08-08 and for refusing to change her examination findings.
98. Defendants' termination of Carmen violated federal law 12 U.S.C. § 1831.
99. Because Defendants violated federal law 12 U.S.C. § 1831, Carmen is entitled to reinstatement to her position as Senior Bank Examiner, compensatory damages, and any other relief the Court deems appropriate.
100. Pursuant to 12 U.S.C. § 1831, the Court may also take any other appropriate actions to remedy any past discrimination.
101. These practices of Defendants were in violation of the Defendants' obligations to conduct bank examinations properly, a violation of which represents substantial damage to the public, which depends on the honesty and integrity of bank examiners and Federal Reserve employees.
102. Defendants' reckless conduct caused serious damage to Carmen's reputation and employment prospects. If allowed to go on unchecked, Defendants' conduct would have a chilling effect on bank examiners working for FRBNY. Defendants' conduct thwarts the very purpose of the Federal Reserve system.
103. Because the United States relies so heavily on the honesty and integrity of bank examiners and Federal Reserve employees, and because these Defendants failed to adhere to lawful conduct and instead obstructed Carmen's examination of Goldman, the Court can and should order Defendants to pay punitive damages.

COUNT TWO
New York General Business Law § 349

104. All of the preceding paragraphs are reincorporated and realigned by reference, herein.
105. Defendants improperly interfered with Carmen's examination because Defendants did not want consumers and clients of Goldman's services to become concerned about Goldman's failure to adhere to rules requiring Goldman to have a firmwide conflict of interest program in compliance with SR 08-08.
106. In other words, Defendants' acts were directed to consumers as described in New York Business Law § 349.
107. Defendants engaged in acts and practices that were deceptive and misleading in a material way. For example, Defendants stated that Goldman had a proper firmwide conflict of interest program when Goldman did not. Carmen uncovered specific examples of material violations during the time she worked as a Senior Bank Examiner.
108. Carmen has been injured by Defendants' deceptive and misleading acts and practices. She suffered economic loss and reputational damage.
109. Among other forms of redress, Carmen is entitled to reimbursement of reasonable attorney's fees under New York General Business Law § 349(h).

COUNT THREE
Wrongful Termination in Violation of Public Policy

110. All of the preceding paragraphs are reincorporated and realigned by reference, herein.
111. Defendants terminated Carmen Segarra in violation of Public Policy.

112. The federal government relies heavily on the honesty and integrity of bank examiners to examine financial institutions, like Goldman, and to determine their adherence to federal statutes, regulations, and rules. In part, this reliance informed federal statute 12 U.S.C. § 1831.
113. The public at large is benefited by proper bank examination.
114. The public policies of ensuring proper bank examinations and protecting bank examiner conduct under 12 U.S.C. § 1831 are substantial and fundamental to the economy and general welfare of the United States.
115. Because Defendants terminated Carmen in violation of public policy, the Court can and should order her reinstatement to the position of Senior Bank Examiner and damages for the injuries she incurred.

COUNT FOUR
Breach of Implied In Fact Employment Contract

116. All of the preceding paragraphs are reincorporated and realigned by reference, herein.
117. Carmen engaged in statutorily protected conduct when she worked as a bank examiner for Defendants.
118. Defendants cannot be considered At Will employers, because they must comply with federal statutes limiting their ability to hire and fire bank examiners.
119. In addition to having their ability to hire and fire bank examiners limited by statute, Defendants, in writing and verbally, cite numerous instances in which they assure bank examiners would receive training and other forms of supervisory assistance before termination.

120. Despite these prohibitions and statements, Defendants did not provide Carmen with supervisory assistance or remedial training when Defendants improperly “identified a problem” with Carmen’s work performance.

121. Instead, Defendants improperly terminated Carmen for protected conduct and in violation of public policy.

122. Defendants did not terminate Carmen for good cause.

123. Defendants did not adhere to their many public statements about the autonomy of bank examiners.

124. Defendants violated their implied covenants of Good Faith and Fair Dealing, when they interfered with and obstructed Carmen’s examination of Goldman Sachs.

VI. PRAYER FOR RELIEF

WHEREFORE, Carmen Segarra prays:

- a. That the Court enter judgment against the Defendants;
- b. That the Court issue a Declaratory Judgment stating the Defendants illegally interfered with Carmen Segarra’s bank examination and with her bank examination findings;
- c. That the Court order Defendants to reinstate Carmen Segarra to her position of Senior Bank Examiner;
- d. That the Court award Carmen Segarra damages in an amount equal to all of her accumulated lost wages and benefits, including back pay and benefits; compensatory damages; and punitive damages; for the harm caused by the

Defendant, including prejudgment and post judgment interest and any other damages permitted;

- e. That the Court award Carmen Segarra payment of all fees, costs, expenses, of this action, including attorney's fees and expert witness fees.
- f. That the Court order any other relief as the Court deems just and proper.

VII. JURY DEMAND

Plaintiff Carmen Segarra respectfully requests a trial by jury to resolve all claims in this action.

Respectfully Submitted,



LINDA J. STENGLE, ESQUIRE
Stengle Law
New York Bar No.: 4848958
SDNY Bar No.: LS3756
9 Lenswood Drive
Boyertown, PA 19512
(610)367-1604

Date: October 10, 2013