

# **Bond Case Briefs**

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## **Texas AG to Halt Most of Citigroup's Municipal Offerings on Gun Law Row.**

(Reuters) -Citigroup Inc has discriminated against the firearms sector, the office of Texas Attorney General Ken Paxton said, making a decision that “has the effect” of Texas halting Citi’s ability to underwrite most municipal bond offerings in the state.

Republicans have been ramping up pressure on the finance industry over environmental, social and governance (ESG) investment practices. Texas enacted a law in 2021 prohibiting government contracts with entities that discriminated against the firearms industry.

“It has been determined that Citigroup has a policy that discriminates against a firearm entity or firearm trade association”, the assistant attorney general chief of the public finance division of Texas AG wrote on Wednesday in the letter seen by Reuters.

“Citi’s designation as an SB-19 discriminator has the effect of halting its ability to underwrite most municipal bond offerings in Texas,” Paxton’s office told Reuters, referring to the law.

Until further notice, The Texas AG will not approve any public security issued on or after Wednesday in which Citigroup purchases or underwrites the public security, she added in the letter.

“Citi does not discriminate against the firearms sector and believe we are in compliance with Texas law”, a Citigroup spokesperson said in an emailed statement to Reuters, adding that the company would remain engaged with the Texas AG office to review options.

In 2018, Citigroup put restrictions on new retail business clients that sell guns, requiring that they pass background checks. That followed a high school shooting in Florida in February of that year in which 17 people died.

Bloomberg News first reported the news on Thursday.

**By Reuters**

Jan. 19, 2023

(Reporting by Lavanya Ahire and Akanksha Khushi in Bengaluru, Additional reporting by Urvi Dugar and Mrinmay Dey; Editing by Bradley Perrett, Bernadette Baum and David Gregorio)

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