Citi Muni Bankers Go to Jefferies With Department in Turmoil.

A team of public finance bankers focused on healthcare has left Citigroup Inc. for rival Jefferies Financial Group after the firm's executives have mulled closing the municipal banking department altogether, according to people familiar with the matter.

The group of about 10 bankers departing for Jefferies includes managing directors Brian Carlstead, Ben Klemz, and Katherine Meyers, according to the people. Spokespeople from both Citigroup and Jefferies declined to comment. Carlstead, Klemz and Meyers didn't respond to messages or phone calls requesting comment.

Citi, once the No. 2 underwriter of state and local debt, has seen a wave of muni dealmakers leave since 2022. And Bloomberg News reported earlier this month that Chief Executive Officer Jane Fraser is weighing whether to shutter the bank's municipal-bond trading and origination business. The bank now is ranked as the seventh-largest muni manager, down four slots from the same period in 2022, according to data compiled by Bloomberg.

Meanwhile, Jefferies has expanded its market share within the state and local government debt market this year. The New York-based bank is now ranked as the fifth largest underwriter of long-term municipal bonds so far in 2023, up three spots. Its market share is up more than two percentage points from last year, according to data compiled by Bloomberg.

Bloomberg Markets

By Amanda Albright

November 27, 2023