

**Award
FINRA Dispute Resolution**

In the Matter of the Arbitration Between:

Names of the Claimants

James L. (Jimmy) Snow
Rayford (Ray) Dunnam
Andrew Jackie Elly, and
Gary L. Kosztur

Case Number: 07-01704

Names of the Respondents

Prudential Equity Group, LLC,
Citigroup Global Markets, Inc. and
William Ezra Brownel

Hearing Site: Jackson, Mississippi

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For James L. (Jimmy) Snow ("Snow"), Rayford (Ray) Dunnam ("Dunnam"), Andrew Jackie Elly ("Elly"), and Gary L. Kosztur ("Kosztur"), hereinafter collectively referred to as "Claimants": Mack A. Bethea, Esq. and Kim Breese, Esq., Gulfport, Mississippi.

For Prudential Equity Group, LLC ("PEG") and William Ezra Brownel ("Brownel"): Retta A. Miller, Esq., Jackson Walker, LLP, Dallas, Texas.

For Citigroup Global Markets, Inc. ("Citigroup"): Joseph Calabrese, Associate General Counsel for Citigroup Global Markets, Inc., New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: May 30, 2007.

Claimant Snow signed the Submission Agreement: April 13, 2007.

Claimant Dunnam signed the Submission Agreement: April 13, 2007.

Claimant Elly signed the Submission Agreement: May 10, 2007.

Claimant Kosztur signed the Submission Agreement: May 12, 2007.

Statement of Answer filed by Respondents PEG and Brownel on or about: July 30, 2007.

Respondent PEG signed the Submission Agreement: July 20, 2007.

Respondent Brownel signed the Submission Agreement: August 3, 2007.

Statement of Answer filed by Respondent Citigroup on or about: August 6, 2007.

Respondent Citigroup signed the Submission Agreement: August 22, 2007.

CASE SUMMARY

Claimants asserted the following causes of action: 1) suitability; 2) misrepresentations; 3) negligence; 4) unauthorized trading; 5) violations of rules of NASD, NYSE and the SEC; and, 6) violation of the laws of Alabama and Mississippi. The causes of action relate to Claimants' investments in various unspecified equity stocks, the tax treatment of Chevron stock, and 72(t) periodic distributions from Claimants' accounts.

Unless specifically admitted in their Answers, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In the Statement of Claim, Claimants requested: 1) an unspecified amount of compensatory damages; 2) rescission for all transactions executed by unauthorized discretionary authority; 3) payments for all income distributions from principal instead of from net investment income; 4) payments for losses due to unsuitable equity percentages in retiree portfolios as compared to a "well managed" balanced portfolio suitable for a retiree's income account; 5) tax losses caused by non-disclosure of Net Unrealized Appreciation ("NUA") tax treatment of Chevron stock; 6) full interest from the time of the violations; 7) attorneys' fees; and, 8) exemplary damages.

In their Answer to the Statement of Claim, Respondents PEG and Brownel requested: 1) dismissal of the Statement of Claim; 2) attorneys' fees; 3) costs; and, 4) other relief deemed just.

In its Answer to the Statement of Claim, Respondent Citigroup requested: 1) dismissal of the Statement of Claim; and, 2) costs.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel acknowledges that they have each read the pleadings and other materials filed by the parties.

During the evidentiary hearing, the Panel was notified that Claimant Kosztur had settled his claims against all Respondents.

During the evidentiary hearing, Respondents PEG and Brownel made an *ore tenus* motion to exclude Claimants' damage charts. Claimants opposed the motion and the Panel denied the motion.

During the evidentiary hearing, Respondents PEG and Brownell made an *ore tenus* motion to dismiss Claimants' claims for their managed accounts ("MACS"). Claimants opposed the motion and the Panel denied the motion.

During the evidentiary hearing, Respondents PEG and Brownell made an *ore tenus* motion to dismiss the Statement of Claim based on statute of limitations. Claimants opposed the motion and the Panel denied the motion.

On or about September 29, 2010, after the completion of the final hearing, Claimants notified FINRA Dispute Resolution that they reached a settlement with Respondent Citigroup.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents PEG and Brownel are found liable, jointly and severally, and shall pay compensatory damages as follows:

\$126,000.00 to Claimant Snow;
\$166,000.00 to Claimant Elly; and,
\$146,000.00 to Claimant Dunnam.

Pursuant to *Mastrobuono, 514 U.S. 52* and *Adams v. Securities America, E.D. LA. 9-12-06*, Respondents PEG and Brownel are found liable, jointly and severally, and shall pay punitive/exemplary damages as follows:

\$25,000.00 to Claimant Snow;
\$25,000.00 to Claimant Elly; and,
\$25,000.00 to Claimant Dunnam.

Respondents PEG and Brownel are found liable, jointly and severally, and shall pay to Claimants Snow, Elly and Dunnam interest at the rate of 6% per annum from the date of service of the award until the date the award is satisfied.

Pursuant to *Aetna Casualty v. Steele, 373 So. 2d.797 (Miss. 1979)*, Respondents PEG and Brownel are found liable, jointly and severally, and shall pay attorneys' fees as follows:

\$41,000.00 to Claimant Snow;
\$54,000.00 to Claimant Elly; and,
\$48,000.00 to Claimant Dunnam.

Each party shall pay their own costs.

Any and all relief not specifically addressed herein, is denied.

FEES

Pursuant to the Code of Arbitration Procedure (the "Code"), the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial claim filing fee = \$1,250.00

*The filing fee is made up of a non-refundable and a refundable portion.

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as parties Respondents Citigroup and PEG are assessed the following:

Member surcharge = \$1,500.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$2,200.00

Discovery-Related Motion Fees

Fees apply for each decision rendered on a discovery-related motion.

One (1) Decision on a discovery-related motion on the papers
with (1) one arbitrator @ \$200.00 = \$200.00
Respondent submitted one (1) discovery-related motion

Total Discovery-Related Motion Fees = \$200.00

The Panel has assessed \$40.00 of the discovery-related motion fee to Claimants Snow, Elly and Dunnam, jointly and severally.

The Panel has assessed \$80.00 of the discovery-related motion fee to Respondent Citigroup.

The Panel has assessed \$80.00 of the discovery-related motion fee jointly and severally to Respondents PEG and Brownel.

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s) that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @ \$450.00/session = \$ 450.00
Pre-hearing conference: April 18, 2008 1 session

Four (4) Pre-hearing sessions with the Panel @ \$1,000.00/session = \$4,000.00
Pre-hearing conferences: November 19, 2007 1 session
April 1, 2009 1 session
September 30, 2009 1 session
March 2, 2010 1 session

Thirteen (13) Hearing sessions @ \$1,000.00/session = \$13,000.00
Hearing Dates: October 26, 2009 2 sessions
October 27, 2009 2 sessions

October 28, 2009	1 session
July 12, 2010	2 sessions
July 13, 2010	2 sessions
July 14, 2010	2 sessions
July 15, 2010	2 sessions

Total Hearing Session Fees = \$17,450.00

The Panel has assessed \$3,490.00 of the hearing session fees to Claimants Snow, Ely and Dunnam, jointly and severally.

The Panel has assessed \$6,980.00 of the hearing session fees to Respondent Citigroup.

The Panel has assessed \$6,980.00 of the hearing session fees to Respondents PEG and Brownel, jointly and severally.

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

Mark Myers	-	Public Arbitrator, Presiding Chairperson
Kendall Hill	-	Public Arbitrator
Robert Killelea	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Mark Myers
Public Arbitrator, Presiding Chairperson

10-26-10
Signature Date

Kendall Hill
Public Arbitrator

Signature Date

Robert Killelea
Non-Public Arbitrator

Signature Date

Date of Service (For FINRA Dispute Resolution use only)

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Mark Myers - Public Arbitrator, Presiding Chairperson
Kendall Hill - Public Arbitrator
Robert Upton - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Mark Myers
Public Arbitrator, Presiding Chairperson

Signature Date

Kendall Hill
Kendall Hill
Public Arbitrator

10/25/10
Signature Date

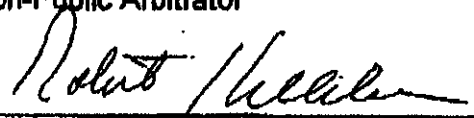
Robert Upton
Non-Public Arbitrator

Signature Date

Date of Service (For FINRA Dispute Resolution use only)

Robert Killelea
Non-Public Arbitrator

Signature Date



10-26-2010

Date of Service (For FINRA Dispute Resolution use only)