

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Virginia S. Wheeler TTEE FBO The Survivors Trust U/The Robert & Virginia S. Wheeler Rev Tr, Virginia Wheeler TTEE Wheeler Leasing Co Pension Plan UAD 07/11/94, Virginia S. Wheeler TTEE The Ornelas Childrens Trust UAD 05/09/96, Virginia S. Wheeler SSB IRA Rollover Cust.

and

00-05518
Phoenix, Arizona

Name of Respondents

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc.
Robert W. Parker

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

REPRESENTATION OF PARTIES

Virginia S. Wheeler TTEE FBO The Survivors Trust U/The Robert & Virginia S. Wheeler Rev Tr, Virginia Wheeler TTEE Wheeler Leasing Co Pension Plan UAD 07/11/94, Virginia S. Wheeler TTEE The Ornelas Childrens Trust UAD 05/09/96, Virginia S. Wheeler SSB IRA Rollover Cust. ("**Claimant**") appeared *pro se* and was previously represented by Arthur S. Leider, Investors Arbitration Specialists, Inc., San Diego, California.

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("**Respondent Salomon Smith Barney**") and Robert W. Parker ("**Respondent Parker**") (collectively as "**Respondents**") were represented by Alejandro Schwed, Esq., Citigroup Global Markets, Inc., New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about December 12, 2000. Submission Agreement of Claimant was signed on December 19, 2000.

Statement of Answer was filed by Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. on or about March 8, 2001. Submission Agreement of Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. was signed on March 7, 2001 by Alejandro Schwed. Submission Agreement of Respondent Robert W. Parker was undated.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; fraudulent misrepresentation; negligent misrepresentation; and unsuitable recommendations to customers in violation of NASD Rules of Conduct Section 2310. Claimant specifically alleged that:

Claimant Virginia S. Wheeler as trustee and as an individual entrusted the bulk of her liquid net worth to respondents. Mrs. Wheeler had recently been widowed after her husband's long and agonizing illness and sought the advice and counsel of a family friend respondent Robert Parker. Claimant went to respondents, shortly after her husband's death, and clearly told respondents that her investment objective was first safety of principal. Claimant further told her friend, respondent Parker, that she was risk averse, had to provide for her young families future, and would be withdrawing funds on a regular basis to provide for her family's living expenses. Claimant gave the respondents actual control, in the form of limited powers of attorney, over the bulk of her liquid assets with the understanding that her accounts would be handled in a professional and competent manner based upon the professional standards of a reasonable investment advisor. Claimant placed her full trust in her friend, respondent Parker and in his employer respondent Salomon Smith Barney, one of the world's largest financial services firm's [sic].

Claimant was put into numerous different investments all of which had one fact in common, ongoing fees payable to respondents. Furthermore, portions of claimant's assets were placed in high risk, volatile, inappropriate investments. Additionally claimant was advised to invest in an inappropriate insurance product.

In April, 1998, after becoming aware of the fact that her assets were declining in value, claimant informed respondents that she wished all of her accounts closed and her money transferred to another firm.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated:

In 1996, the claimant's husband died after a long illness. The claimant received approximately two million dollars from an insurance policy and other assets that her husband owned. She turned over the moneys to Robert Parker at Smith Barney, and asked him to provide her with an investment plan.

Parker and the claimant had a series of lengthy meetings during which they discussed the claimant's financial needs and risk tolerance. Following those meetings, Robert Parker recommended an investment strategy that would provide for the claimant's future and her children. The claimant's assets were divided among growth and income investments, with a

moderate overall risk tolerance. Parker and the claimant targeted an 8% return as one that would provide adequate moneys for he claimant and her family.

Parker recommended using approximately one third of the assets to purchase municipal bonds. These are, by definition, conservative investments that provided the claimant with safety and an income stream. More than one-half of the moneys were placed in managed accounts, to be handled by experienced money managers. They were invested primarily in stocks from companies with large capitalization, "blue chip" stocks, and individual municipal bonds. In addition, the claimant's costs were reduced by opening managed accounts that charged quarterly "wrap" fees based on the amounts invested, as opposed to a commission for each transaction.

Claimant also purchased a life insurance policy with one of the largest companies in the United States. This policy's main goal was to minimize the claimant's estate's tax liabilities and benefit her heirs. The policy provides a minimum death benefit for her heirs of \$2,500,000. It is conservative, and certainly suitable for the claimant.

This strategy was extensively discussed with the claimant, and approved by her. It fit squarely with her investment objectives, and was perfectly suitable. It has also met the projections that were drawn up when the strategy was devised. Although the claimant seeks \$500,000 in "compensatory" damages in this claim, she, in fact, obtained a gain of over \$700,000 during the time that she maintained her accounts at Smith Barney. Those returns met the objectives Robert Parker and the claimant hoped for when the accounts were set up.

RELIEF REQUESTED

Claimant requested an award against respondents jointly and severally, as follows:

1. Compensatory damages in the amount of \$500,000.00.
2. Reasonable exemplary or punitive damages as the panel deems just and proper.
3. Costs of representation including expert witness fees.
4. Costs and expenses involved in bringing this litigation including all forum fees and filing fees.
5. Such other relief as this panel deems just and proper.

Respondents requested that the claim be dismissed, and all costs assessed against the claimant.

OTHER ISSUES CONSIDERED & DECIDED

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. In either case, the parties have agreed to receive

conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, if any, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The claims asserted in this matter shall be and hereby are dismissed in their entirety.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Robert W. Parker's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Robert W. Parker must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
4. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees, not specifically awarded or otherwise provided for above.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$300

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. In this matter, the member firm(s) is Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc.

Member surcharge	\$ 1,500.00
Pre-hearing process fee	\$ 600.00
Hearing process fee	\$ 2,500.00
Total Member Fees	\$ 4,600.00

Adjournment Fees

Adjournments requested during these proceedings:

Hearing Date(s), July 23-25, 2002, adjournment requested by Citigroup Global Markets, Inc.	= \$1,125.00
Hearing Date(s), December 10-12, 2002, adjournment requested by Claimant's representative	= \$1,125.00 (fee waived)
Hearing Date(s), September 10-12, 2003, adjournment requested by Claimant	= \$1,125.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

1 Pre-hearing session(s) with Panel	x	\$1,125	\$ 1,125.00
September 12, 2003	1 session		
3 Hearing sessions	x	\$1,125	\$ 3,375.00
March 30, 2004	2 sessions		
March 31, 2004	1 session		
Total Forum Fees			\$ 4,500.00

The Arbitration Panel has assessed \$2,250.00 of the forum fees to Virginia S. Wheeler TTEE FBO The Survivors Trust U/The Robert & Virginia S. Wheeler Rev Tr, Virginia Wheeler TTEE Wheeler Leasing Co Pension Plan UAD 07/11/94, Virginia S. Wheeler TTEE The Ornelas Childrens Trust UAD 05/09/96, Virginia S. Wheeler SSB IRA Rollover Cust.

The Arbitration Panel has assessed \$2,250.00 of the forum fees jointly and severally to Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and Robert W. Parker.

Fee Summary

Claimant, Virginia S. Wheeler TTEE FBO The Survivors Trust U/The Robert & Virginia S. Wheeler Rev Tr, Virginia Wheeler TTEE Wheeler Leasing Co Pension Plan UAD 07/11/94,

Virginia S. Wheeler TTEE The Ornelas Childrens Trust UAD 05/09/96, Virginia S. Wheeler
SSB IRA Rollover Cust., shall be and hereby is liable for:

Initial Filing Fee	= \$	300.00
Adjournment Fee	= \$	1,125.00
<u>Forum Fees</u>	= \$	2,250.00
Total Fees	= \$	3,675.00
<u>Less payments</u>	= \$	-1,425.00
Balance Due NASD Dispute Resolution	= \$	2,250.00

Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., shall be and
hereby is liable for:

Member Fees	= \$	4,600.00
<u>Adjournment Fee</u>	= \$	1,125.00
Total Fees	= \$	5,725.00
<u>Less payments</u>	= \$	-5,725.00
Balance Due NASD Dispute Resolution	= \$	0.00

Respondents, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., and Robert W.
Parker, shall be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$	2,250.00
Total Fees	= \$	2,250.00
<u>Less payments</u>	= \$	-0.00
Balance Due NASD Dispute Resolution	= \$	2,250.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

John L. Worcester - Public Arbitrator, Presiding Chair
George N. Roy, CPA - Public Arbitrator
James M. Rapisarda - Non-Public Arbitrator

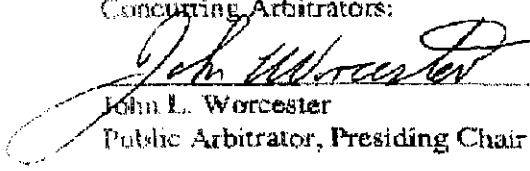
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Concurring Arbitrators:


John L. Worcester
Public Arbitrator, Presiding Chair

4-20-04
Signature Date

George N. Roy, CPA
Public Arbitrator

Signature Date


James M. Rapisarda
Non-Public Arbitrator

Signature Date

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Concurring Arbitrators:

John L. Worcester
Public Arbitrator, Presiding Chair


George N. Roy, CPA
Public Arbitrator

James M. Rapisarda
Non-Public Arbitrator

Signature Date

4/19/04

Signature Date

Signature Date

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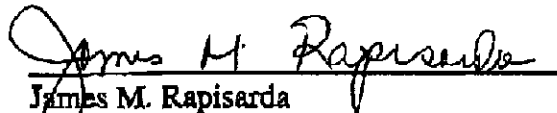
Concurring Arbitrators:

John L. Worcester
Public Arbitrator, Presiding Chair

Signature Date

George N. Roy, CPA
Public Arbitrator

Signature Date


James M. Rapisarda
Non-Public Arbitrator

4-19-04
Signature Date