

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

David Zatt and Ilene Zatt (Claimants) v. Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc., Scott Zelniker, John Martin, Robert S. Matthews, and Mary Santoro (Respondents)

Case Number: 01-02259

Hearing Site: New York, New York

Nature of the Dispute: Customers vs. Member and Associated Persons.

REPRESENTATION OF PARTIES

Claimants David Zatt and Ilene Zatt ("The Zatts") and Ilene Zatt ("I. Zatt") hereinafter collectively referred to as "Claimants": Mark F. Magnozzi, Esq., Helfand & Helfand, New York, NY and Brian H. Reis, Esq., New York, NY.

Respondents Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc. ("SSB"), Scott Zelniker (Zelniker"), John Martin ("Martin"), Robert S. Matthews ("Matthews"), and Mary Santoro ("Santoro") hereinafter collectively referred to as "Respondents": Brian Amery, Esq., Bressler, Amery & Ross, P.C., Morristown, NJ. Previously represented by: Jeffrey L. Friedman, Esq., Salomon Smith Barney, Inc., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: May 1, 2001.

Claimants signed the Uniform Submission Agreement: April 30, 2001.

Joint Statement of Answer filed by Respondents on or about: July 25, 2001.

Joint Amended Statement of Answer filed by Respondents on or about: August 1, 2001.

SSB signed the Uniform Submission Agreement: August 9, 2001.

Zelniker signed the Uniform Submission Agreement: August 16, 2001.

Martin signed the Uniform Submission Agreement: August 16, 2001.

Matthews signed the Uniform Submission Agreement.

Santoro signed the Uniform Submission Agreement: August 13, 2001.

CASE SUMMARY

Claimants asserted the following causes of action: unsuitability; excessive trading/churning; negligence/negligent supervision; federal securities violations; breach of contract; breach of fiduciary duty; violation of Section 2110 Conduct Rules of the NASD; violation of Section 2310 Conduct Rules of the NASD; violation of Section 2120

Conduct Rules of the NASD; violation of Section 3010 Conduct Rules of the NASD; and respondeat superior. Claimants' claims involved options, covered options; derivatives; and REITs.

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

RELIEF REQUESTED

Claimants requested actual damages of \$976,000.00; reimbursement of commissions paid in the amount of \$25,000.00; punitive damages in the amount of \$1,000,000.00; attorneys' fees and costs of arbitration (including expert witness fees, expenses and accounting fees); and pre and post award interest at the statutory rate.

In their Answer and Amended Statement of Answer, Respondents requested that the arbitrators dismiss the Statement of Claim in its entirety, with prejudice; expunge this matter from Respondents Martin's, Zelniker's, Matthews', and Santoro's records; assess the costs, fees and disbursements associated with this matter and Respondents' defense against this matter against Claimants; and render any other ruling which it deems appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents made an oral motion to dismiss following Claimants' case. After due consideration, the Panel denied the motion.

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, and 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:

1. All claims of Claimant against Respondent Santoro are dismissed in their entirety.
2. Respondents SSB, Zelniker, Martin, and Matthews are jointly and severally liable for and shall pay to Claimants compensatory damages in the amount of \$110,970.00, plus interest at a rate of 5% per annum from March 1, 2001 through the date of payment of the award.
3. Respondents SSB, Zelniker, Martin, and Matthews are jointly and severally liable for

and shall pay to Claimants attorneys' fees in the amount of \$25,000.00 pursuant to New Jersey Consumer Fraud Act, N.J.S.A. 56:8-2.

4. Any and all relief not specifically addressed herein, including punitive damages, is denied.

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 = \$500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc. is a party.

Member surcharge = \$2,500.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$4,500.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

September 25, 26, 27, and October 1 and 2, 2002, adjournment by Claimants = \$1,200.00
April 10 and 11, 2003, adjournment by Claimants = Waived

Forum Fees and Assessments

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

Three (3) Pre-hearing sessions with Panel @ \$1,200.00 = \$ 3,600.00

Pre-hearing conferences: March 22, 2002 1 session
April 10, 2003 1 session
April 11, 2003 1 session

Nineteen (19) Hearing sessions @ \$1,200.00 = \$22,800.00

Hearing Dates: July 1, 2003 2 sessions
July 2, 2003 2 sessions
July 24, 2003 2 sessions

July 25, 2003	2 sessions
September 15, 2003	2 sessions
September 18, 2003	2 sessions
September 29, 2003	2 sessions
October 1, 2003	1 session
December 12, 2003	2 sessions
February 5, 2004	2 sessions

Total Forum Fees = \$26,400.00

1. The Panel has assessed \$6,600.00 of the forum fees against SSB.
2. The Panel has assessed \$6,600.00 of the forum fees against Zelniker.
3. The Panel has assessed \$6,600.00 of the forum fees against Martin.
4. The Panel has assessed \$6,600.00 of the forum fees against Matthews.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
<u>Adjournment Fee</u>	= \$ 1,200.00
Total Fees	= \$ 1,700.00
<u>Less payments</u>	= \$ 1,700.00
Balance Due NASD Dispute Resolution	= \$ 0.00

2. SSB is solely liable for:

Member Fees	= \$ 7,600.00
<u>Forum Fees</u>	= \$ 6,600.00
Total Fees	= \$14,200.00
<u>Less payments</u>	= \$ 7,600.00
Balance Due NASD Dispute Resolution	= \$ 6,600.00

3. Zelniker is solely liable for:

<u>Forum Fees</u>	= \$ 6,600.00
Total Fees	= \$ 6,600.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 6,600.00

4. Martin is solely liable for:

<u>Forum Fees</u>	= \$ 6,600.00
Total Fees	= \$ 6,600.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 6,600.00

5. Matthews is solely liable for:

<u>Forum Fees</u>	= \$ 6,600.00
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Total Fees	= \$ 6,600.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 6,600.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Bernard Herman	-	Public Arbitrator, Presiding Chair
Benjamin D. Krause, Esq.	-	Public Arbitrator
John J. McCombe	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

Bernard Herman
Public Arbitrator, Presiding Chairperson

Signature Date

Benjamin D. Krause, Esq.
Public Arbitrator

Signature Date



John J. McCombe
Non-Public Arbitrator

3/1/04

Signature Date

March 3, 2004
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Bernard Herman	-	Public Arbitrator, Presiding Chair
Benjamin D. Krause, Esq.	-	Public Arbitrator
John J. McCombe	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

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Bernard Herman
Public Arbitrator, Presiding Chairperson

Signature Date



Benjamin D. Krause, Esq.
Public Arbitrator

Signature Date

John J. McCombe
Non-Public Arbitrator

Signature Date

March 3, 2004
Date of Service (For NASD Dispute Resolution use only)