

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Stephen and Peggy Kalemkarian, individually, and Stephen and David Kalemkarian, Trustees of Stephen A. Kalemkarian Inc. Target Benefit Pension Plan, Claimants v. Salomon Smith Barney nka Citigroup Global Markets, Inc. and Harry Gaykian, Respondents

Case Number: 02-00148

Hearing Site: San Francisco, California

REPRESENTATION OF PARTIES

For Claimants:

Scott R. Shewan, Esq.
Born, Pape, Shewan & Camenson
Clovis, California

For Respondents:

Peter R. Boutin, Esq.
Kelly J. Moynihan, Esq.
Keesal, Young & Logan
San Francisco, California

CASE INFORMATION

Statement of Claim filed: January 8, 2002

Claimants' Joint Uniform Submission Agreement signed: January 2, 2002

Joint Statement of Answer filed by Respondents: March 28, 2002

Respondent Harry Gaykian's Uniform Submission Agreement signed: May 31, 2002

Respondent Salomon Smith Barney's Uniform Submission Agreement: None filed

CASE SUMMARY

Claimants alleged breach of fiduciary duty, suitability, violations of ERISA statutes 29 U.S.C. §§ 1109 and 1132(g), constructive fraud, failure to execute, failure to supervise, and negligence. Claimants' allegations involved unspecified securities.

Respondents denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in a sum between \$1,063,800.00 and \$5,000,000.00.

Respondents requested that the Statement of Claim be dismissed with prejudice, the expungement of all reference to the above captioned arbitration from Respondent Harry Gaykian's registration records maintained by the NASD Central Registration Depository ("CRD"), and costs, including attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

On October 10, 2002, Claimants and Claimants' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On November 21, 2002, Respondents' counsel signed a Waiver Agreement on Respondents' behalf expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

Respondent Salomon Smith Barney nka Citigroup Global Markets, Inc., did not file with the NASD Dispute Resolution a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and having answered the claim, appeared and testified at the hearing, is bound by the determination of the Arbitration Panel on all issues submitted.

The parties 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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Salomon Smith Barney nka Citigroup Global Markets, Inc., is liable to and shall pay Claimant Peggy Kalemkarian the sum of \$16,070.00 in compensatory damages.
2. Claimants' claims against Respondent Harry Gaykian are dismissed in their entirety.
3. The parties shall bear their respective costs, including attorney's fees.
4. All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 600.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Salomon Smith Barney nka Citigroup Global Markets, Inc., is a party and the following fees are assessed:

Member Surcharge	= \$ 2,800.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	= \$ 5,000.00
Total Member Fees	= \$ 8,550.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or the parties and the Panel. The following fees are assessed:

One (1) Pre-hearing conference session with a single Arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: February 20, 2003 1 session	

One (1) Pre-hearing conference sessions with the Panel @ \$1,200.00/session	= \$ 1,200.00
Pre-hearing conference: December 6, 2002 1 session	

Ten (10) Hearing sessions @ \$1,200.00/session	= \$12,000.00
Hearings:	
July 7, 2003	2 sessions
July 8, 2003	2 sessions
July 9, 2003	2 sessions
July 14, 2003	2 sessions
July 15, 2003	2 sessions

Total Forum Fees	= \$13,650.00
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1. The Panel assessed \$6,825.00 of the forum fees jointly and severally to Claimants.
2. The Panel assessed \$6,825.00 of the forum fees jointly and severally to Respondents.

Fee Summary

1. Claimants are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 600.00
<u>Forum Fees</u>	= \$ 6,825.00
Total Fees	= \$ 7,425.00
<u>Less payments</u>	= \$(1,800.00)
Balance Due NASD Dispute Resolution	= \$ 5,625.00

2. Respondent Salomon Smith Barney nka Citigroup Global Markets, Inc., is charged with the following fees and costs:

Member Fees	= \$ 8,550.00
<u>Less payments</u>	= \$(8,550.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents Salomon Smith Barney nka Citigroup Global Markets, Inc., and Harry Gaykian are charged jointly and severally with the following fees and costs:

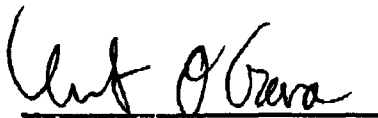
Forum Fees	= \$ 6,825.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 6,825.00

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

ARBITRATION PANEL

Vincent O'Gara, Esq.	-	Public Arbitrator, Presiding Chair
Herbert Liberman	-	Public Arbitrator
Linda L. Blackwell	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Vincent O'Gara, Esq.
Chair, Public Arbitrator

08/06/03
Signature Date

Herbert Liberman
Public Arbitrator

Signature Date

Linda L. Blackwell
Non-Public Arbitrator

Signature Date

8/6/03
Date of Service

ARBITRATION PANEL

Vincent O'Gara, Esq.	-	Public Arbitrator, Presiding Chair
Herbert Liberman	-	Public Arbitrator
Linda L. Blackwell	-	Non-Public Arbitrator

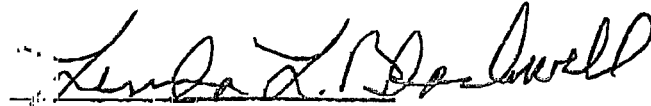
Concurring Arbitrators' Signatures

Vincent O'Gara, Esq.
Chair, Public Arbitrator

Signature Date

Herbert Liberman
Public Arbitrator

Signature Date


Linda L. Blackwell
Non-Public Arbitrator

8-6-03
Signature Date

8/6/03
Date of Service