

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimants

Kay H. Owen and Cynthia K. Owen

and

02-04635
Nashville, Tennessee

Name of Respondent

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

Nature of the Dispute: Customer vs. Member

REPRESENTATION OF PARTIES

Kay H. Owen and Cynthia K. Owen ("Claimants") were represented by H. Naill Falls, Jr., Esq., of the firm Falls & Veach, Nashville, Tennessee.

Salomon Smith Barney, Inc. ("Respondent") was represented by Neil B. Solomon, Esq. of the firm Greenberg Traurig, P.A., West Palm Beach, Florida.

CASE INFORMATION

The Statement of Claim was filed on or about August 7, 2002. The Submission Agreement of Claimants Kay H. Owen and Cynthia K. Owen was signed on August 5, 2002.

The Statement of Answer was filed by Respondent Salomon Smith Barney, Inc. on or about November 7, 2002.

CASE SUMMARY

Claimants asserted causes of action relating to the order executions of Cisco, Coca-Cola, Home Depot, Intel, Microsoft, Proctor & Gamble and Walgreen's based stocks. Claimants asserted Respondent Citigroup Global Markets, Inc. invested their accounts in aggressive technology stocks in which they incurred substantial losses.

Claimants specifically stated the following:

Mr. McDonald (Salomon Smith Barney, Inc. broker) handling of claimants' accounts was astonishingly reckless and incompetent, as was the complete failure of supervision at Salomon. McDonald exposed claimants' to huge and undisclosed

risks, ignoring the investment objectives they had communicated to him and even the objectives set forth in the investor profiles McDonald had prepared for claimants. As the value of claimants' accounts declined, Mr. McDonald repeatedly assured them that they were in high quality stocks that would rebound, that they should not sell out, and that they should buy additional shares of the stocks in their accounts to "average down." In April of 2002, however, claimants transferred their accounts away from Salomon.

Unless specifically admitted in its Answer, Respondent Salomon Smith Barney Inc. ("Salomon") denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants were fully advised of and understood the nature of the investments purchased in their account; Claimants had full, complete, accurate and contemporaneous knowledge of the transactions complained of in the Claim, and they are accordingly precluded from any recovery in this action; any diminution in the value of Claimants' investments made through Salomon was caused in whole or in part by the general decline in the investment markets, the economy and/or events outside the control of Salomon; Claimants expressly ordered, approved, participated in and ratified the acts and transactions they complain of in the Claim; accordingly, Claimants' claims are barred by the doctrines of waiver, estoppel and ratification; Claimants' claims are barred as a result of their failure to exercise due diligence and failure to timely disaffirm the transactions and acts complained of in the Claim despite their knowledge of these alleged actions and transactions; Claimants' claim are barred by their failure to minimize or mitigate their alleged damages; Claimants' relationship with Salomon is contractual in nature, and, therefore, any tort claims for economic losses are barred as a matter of law; Claimants are not entitled to recovery because Salomon acted at all times in good faith and exercised reasonable diligence; Claimants' claims are barred by the applicable statute(s) of limitations, statute(s) of repose, and laches.

RELIEF REQUESTED

Claimants requested an award against Respondents in the amount of all losses caused by Respondent's misconduct and negligence, plus appropriate interest. Claimants requested attorney's fees and litigation expenses and punitive damages in an amount sufficient to punish Respondent's wrongdoing and to deter others from such misconduct and provide such further relief as the arbitration panel deems to be just and proper.

Respondents requested that the claims asserted against them be denied in its entirety assessing all forum costs against Claimants and such other relief as the panel deems just and appropriate.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Salomon Smith Barney, Inc. did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of

the NASD Code of Arbitration Procedure (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 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, 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 are hereby denied.
2. 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.
3. 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.

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 = \$ 250.00

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 person at the time of the event giving rise to the dispute. In this matter, the member firm is Salomon Smith Barney, Inc.

Member surcharge	\$	1,500.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	2,200.00
Total Member Fees	\$	4,450.00

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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

1 Pre-hearing session with Panel	x	\$1,000.00	\$	1,000.00
	1	session		
6 Hearing sessions	x	\$1,000.00	\$	6,000.00
	3	sessions		
October 21, 2003	2	sessions		
October 22, 2003	1	session		
October 23, 2003				
Total Forum Fees			\$	7,000.00

The Arbitration Panel has assessed \$7,000.00 of the forum fees to Salomon Smith Barney, Inc.

Fee Summary

Claimants, Kay H. Owen and Cynthia K. Owen, shall be and hereby are liable for:

Initial Filing Fee	= \$	250.00
Total Fees	= \$	250.00
<u>Less payments</u>	= \$	-1,575.00
Refund due to the Claimants	= \$	1,325.00

Respondent, Salomon Smith Barney, Inc., shall be and is hereby liable for:

Member Fees	= \$	4,450.00
<u>Forum Fees</u>	= \$	7,000.00
Total Fees	= \$	11,450.00
<u>Less payments</u>	= \$	-4,450.00
Balance Due NASD Dispute Resolution	= \$	7,000.00

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

ARBITRATION PANEL

Fred M. Acuff, Jr., Esq. - Public Arbitrator, Presiding Chair
Robert S. Brandt, J.D. - Public Arbitrator
Alan R. Hubbard, Sr. - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Fred M. Acuff, Jr., Esq.
Fred M. Acuff, Jr., Esq.
Public Arbitrator, Presiding Chair

11/06/03
Signature Date

/s/ Robert S. Brandt, J.D.
Robert S. Brandt, J.D.
Public Arbitrator

11/07/03
Signature Date

/s/ Alan R. Hubbard, Sr.
Alan R. Hubbard, Sr.
Non-Public Arbitrator

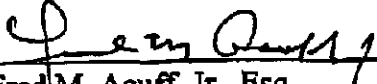
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Robert S. Brandt, J.D. - Public Arbitrator
Alan R. Hubbard, Sr. - Non-Public Arbitrator

Concurring Arbitrators:



Fred M. Acuff, Jr., Esq.
Public Arbitrator, Presiding Chair

November 6, 2003

Signature Date

Robert S. Brandt, J.D.
Public Arbitrator

Signature Date

Alan R. Hubbard, Sr.
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.

Arbitration No. 02-04635

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Robert S. Brandt, J.D. - Public Arbitrator

Alan R. Hubbard, Sr. - Non-Public Arbitrator

Concurring Arbitrators:

Fred M. Acuff, Jr., Esq.
Public Arbitrator, Presiding Chair



Robert S. Brandt, J.D.
Public Arbitrator

Signature Date

11-7-03

Signature Date

Alan R. Hubbard, Sr.
Non-Public Arbitrator

Signature Date

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ARBITRATION PANEL

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Robert S. Brandt, J.D. - Public Arbitrator
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Concurring Arbitrators:

Fred M. Acuff, Jr., Esq.
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Signature Date

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Alan R. Hubbard, Sr.
Non-Public Arbitrator


Signature Date