

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Sierra Health-Styles, Inc.
Sierra Tucson, LLC.

and

02-04935
Phoenix, Arizona

Name of Respondents

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc.
Anne E. Nelson
Susan D. Dubow
Timothy M. Baker

REPRESENTATION OF PARTIES

Sierra Health-Styles, Inc. and Sierra Tucson, LLC. ("**Claimants**") were represented by Michael J. Meehan, Esq., Quarles & Brady Streich Lang LLP, Tucson, Arizona.

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc. ("**Respondent Citigroup**"), Anne E. Nelson ("**Respondent Nelson**"), Susan D. Dubow ("**Respondent Dubow**"), and Timothy M. Baker ("**Respondent Baker**") (collectively a "**Respondents**") were represented by Jennifer P. Nore, Esq., Meyer, Hendricks & Bivens, P.A., Phoenix, Arizona.

CASE INFORMATION

The Statement of Claim was filed on or about August 22, 2002. Submission Agreement of Claimants Sierra Health-Styles, Inc. and Sierra Tucson, LLC. was signed on July 18, 2002 by Loree Thompson.

Respondents' Response to Statement of Claim was filed by Respondents Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc., Anne E. Nelson, Susan D. Dubow and Timothy M. Baker on or about October 18, 2002. Submission Agreement of Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc. was signed on October 17, 2002 by Mary Reisert. Submission Agreement of Respondent Anne E. Nelson was signed on October 18, 2002. Submission Agreement of Respondent Susan D. Dubow was signed on October 18, 2002. Submission Agreement of Respondent Timothy M. Baker was signed on October 18, 2002.

CASE SUMMARY

In the Statement of Claim filed in this matter Claimants alleged as follows:

Respondents were negligent in not performing the undertakings they had promised. They were negligent in failing to do reasonable due diligence about the PG & E Commercial Paper they recommended for Claimants to invest in. They were negligent in failing to exercise normal care and diligence to be informed about the status of the Claimants' investments. Respondent DuBow has admitted that she did not know about the downgrade of PG & E paper, until after being called by Claimants' CFO.

Respondents breached their fiduciary duty to Claimants by failing to utilize such due diligence in the selection of, the administration and monitoring of the Claimants' investments as is required of a fiduciary by law.

Respondents were negligent, reckless and violated fiduciary duties in recommending that Claimants invest in PG & E Commercial paper, and in recommending that Claimants not liquidate the commercial paper, making said recommendations with reckless disregard of the risk inherent in, and the later status of the value of the commercial paper.

Respondent Salomon Smith Barney has negligently, recklessly, failed to train and supervise the individual Respondents, causing loss to Claimants.

Respondent Salomon Smith Barney breached its contract – the specific undertaking to monitor and inform Claimants of developments – to Claimants' injury.

Respondents Salomon Smith Barney, Nelson and DuBow made definite and certain promises to Claimants that they would recommend only very low risk, short term investments; and that they would monitor Claimants' investments and provide timely material information. They did not do so and are liable to Claimants' under the theory of promissory estoppel.

Respondents denied the allegations set forth in the Statement of Claim. In Respondents' Response to Statement of Claim, Respondents specifically stated as follows:

..., SSB and its brokers undertook only to provide reasonable investment advice and to provide Claimants tools to monitor their investments. For example, SSB made its SSB Access system available to Claimants (wherein they could access up-to-date information regarding the status of their accounts via the internet) and provided them with monthly statements. In short, the brokers here did their job and they did it competently. This is simply a case where Claimants failed to take responsibility for their own investment decisions and to monitor those investments.

RELIEF REQUESTED

Claimants requested the following relief:

- a) Compensatory damages for their respective losses totaling \$287,500.00, together with interest thereon at 10% from April 11, 2001 until paid;
- b) Punitive damages in an amount to be determined by the evidence;
- c) The assessment of forum fees against Respondents, and the repayment to Claimants of their deposits and filing fee; and
- d) Their attorneys' fees.

Respondents requested that the claims asserted against them be denied in their entirety, expunge the records of Anne E. Nelson, Susan D. Dubow and Timothy M. Baker maintained by the Central Registration Depository, assess all costs and forum fees against Claimants and award them their attorneys' fees. Respondents also requested such other and further relief as is deemed just and proper.

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, 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 denied in their entirety.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Anne E. Nelson'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 Anne E. Nelson must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Susan D. Dubow'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 Susan D. Dubow must obtain confirmation from a

court of competent jurisdiction before the CRD will execute the expungement directive.

4. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Timothy M. Baker'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 Timothy M. Baker must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
5. 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.
6. 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 = \$300.00

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

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00

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:

One (1) Pre-hearing session(s) with Panel x \$1,125.00	= \$1,125.00
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Pre-hearing conference(s):	March 7, 2003	1 session	
Four (4) Hearing sessions x \$1,125.00			= \$4,500.00
Hearing Date(s):	July 29, 2003	2 sessions	
	<u>July 30, 2003</u>	<u>2 sessions</u>	
Total Forum Fees			= \$5,625.00

The Arbitration Panel has assessed \$2,812.50 of the forum fees to Sierra Health-Styles, Inc. and Sierra Tucson, LLC.

The Arbitration Panel has assessed \$2,812.50 of the forum fees to Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc.

Fee Summary

Claimants, Sierra Health-Styles, Inc. and Sierra Tucson, LLC, shall be and hereby is liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	= \$2,812.50
Total Fees	= \$3,112.50
<u>Less payments</u>	= <u>\$1,425.00</u>
Balance Due NASD Dispute Resolution	= \$1,687.50

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

Member Fees	= \$5,200.00
<u>Forum Fees</u>	= <u>\$2,812.50</u>
Total Fees	= \$8,012.50
<u>Less payments</u>	= <u>\$7,950.00</u>
Balance Due NASD Dispute Resolution	= \$ 62.50

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

W. Michael Kelley, Esq. - Public Arbitrator, Presiding Chair
John J. Balitis, Jr., Esq. - Public Arbitrator
Richard G. Brodrick, Esq. - Non-Public Arbitrator

Concurring Arbitrators:

/s/ W. Michael Kelley
W. Michael Kelley, Esq.
Public Arbitrator, Presiding Chair

August 7, 2003
Signature Date

/s/ John J. Balitis
John J. Balitis, Jr., Esq.
Public Arbitrator

August 11, 2003
Signature Date

/s/ Richard G. Brodrick
Richard G. Brodrick, Esq.
Non-Public Arbitrator

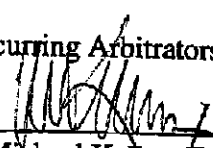
August 7, 2003
Signature Date

NASD Dispute Resolution, Inc.

Arbitration No. 02-04935

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Concurring Arbitrators:



W. Michael Kelley, Esq.

Public Arbitrator, Presiding Chair

8/7/03

Signature Date

John J. Balitis, Jr., Esq.

Public Arbitrator

Signature Date

Richard G. Brodrick, Esq.

Non-Public Arbitrator

Signature Date

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Arbitration No. 02-04935
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Concurring Arbitrators:

W. Michael Kelley, Esq.
Public Arbitrator, Presiding Chair

John J. Balitis, Jr.

John J. Balitis, Jr., Esq.
Public Arbitrator

Signature Date

8/11/03

Signature Date

Richard G. Brudrick, Esq.
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 02-04935
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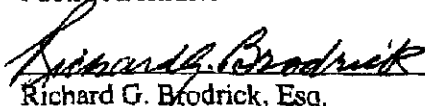
Concurring Arbitrators:

W. Michael Kelley, Esq.
Public Arbitrator, Presiding Chair

Signature Date

John J. Balitis, Jr., Esq.
Public Arbitrator

Signature Date


Richard G. Brodrick, Esq.
Non-Public Arbitrator

8/7/03
Signature Date