

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Thomas McGovern and Thomas McGovern IRA (Claimants) v. Salomon Smith Barney, Inc.,
Michael Kennedy, Michael Narchassalla and Gabriel Torrens (Respondents)

Case Number: 02-05216

Hearing Site: New York, New York

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

REPRESENTATION OF PARTIES

Claimants Thomas McGovern ("McGovern") and Thomas McGovern IRA ("McGovern IRA") hereinafter referred to as "Claimants": Michael Press, Esq., Warner & Scheuerman, New York, NY. Previously represented by: Devang Jai, Levittown, NY.

Respondents Salomon Smith Barney, Inc. n/k/a Citigroup Global Market, Inc. ("SSB"), Michael Kennedy ("Kennedy"), Michael Narchassalla ("Narchassalla") and Gabriel Torrens ("Torrens") hereinafter collectively referred to as "Respondents": Thomas L. Weisenbeck, Esq., Bressler, Amery & Ross, P.C., Florham Park, NJ. Previously represented by: Victor A. Machcinski, Jr., Esq., Salomon Smith Barney, Inc., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: September 3, 2002.

McGovern signed the Uniform Submission Agreement: September 17, 2002.

Joint Statement of Answer filed by Respondents on or about: December 5, 2002.

SSB did not sign the Uniform Submission Agreement.

Kennedy did not sign the Uniform Submission Agreement.

Narchassalla did not sign the Uniform Submission Agreement.

Torrens did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: failure to make a financial plan and an investment plan; failure to make suitable investments; churning; unauthorized trades; buying on margin; failure to follow instructions; and failure to supervise. Claimants claim involved unspecified securities.

Unless specifically admitted in its Answer, Respondents denied the allegations of wrongdoing set forth in the Statement of Claim and asserted the following defenses: failure to state a claim upon

which relief can be granted; Claimant had full knowledge of all facts concerning his account; damages suffered by Claimant were not proximately caused by the acts of Respondents; claims are time-barred; claims are barred because the representations were opinion and not actionable; Claimant's actions, fault, lack of diligence, and failure to manage his accounts bars any recovery of damages; and Respondents supervised Claimant's accounts with the proper brokerage procedure, rules and regulations governing supervision of employees and accounts.

RELIEF REQUESTED

Claimant requested damages as follows: margin interest in the amount of \$11,000.00; commissions and fees in the amount of \$15,000.00; realized and unrealized losses in the amount of \$135,000.00; and a reasonable return in the amount of \$75,000.00 for a total amount of compensatory damages of \$236,000.00; plus punitive damages in the amount of \$250,000.00; and costs in the amount of \$2,425.00.

Respondents requested dismissal of the Statement of Claim in its entirety and that Respondents be awarded costs and fees as the Arbitration Panel (the "Panel") deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Salomon Smith Barney, Inc., Michael Kennedy, Michael Narchassalla, and Gabriel Torrens did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code"), and having answered the claim, are bound by the determination of the Panel on all issues submitted.

Respondents Kennedy, Narchassalla, and Torrens were dismissed from this arbitration matter with prejudice on January 16, 2004. Claimant and Respondent Salomon Smith Barney, Inc. subsequently entered into a confidential settlement agreement. In connection with that agreement, Claimant dismissed all claims against Respondent Salomon Smith Barney, Inc. with prejudice on January 27, 2004.

Therefore, the parties submit this Stipulated Award to the Panel for its consideration and request that it be entered.

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

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of

a hearing and upon motion of both parties for entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

- 1) Claimant's claims are hereby denied and dismissed with prejudice;
- 2) The Panel recommends the expungement of all references to the above captioned arbitration from Respondents Michael Kennedy's, Michael Narchassalla's, and Gabriel Torrens' registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Member 99-09 and 99-54, rules, Respondents Michael Kennedy, Michael Narchassalla, and Gabriel Torrens' must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
- 3) Each party shall bear its own costs and expenses associated with the above-referenced arbitration, including attorneys' fees, except as fees are specifically addressed below; and
- 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	= \$300.00
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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 events giving rise to the dispute. In this matter, Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc. is a party.

Member Surcharge	= \$1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$2,750.00</u>
Total Member Fees	= \$5,200.00

Forum Fees and Assessments

The 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. Forum fees associated with these proceedings are:

One (1) Pre-hearing conference session with the Panel @ \$1,125.00/session	= \$1,125.00
<u>Pre-hearing conference: May 6, 2003 1 session</u>	
Total Forum Fees	= \$1,125.00

1. The Panel has assessed \$562.50 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$562.50 of the forum fees jointly and severally against Respondents.

Pursuant to Rule 10332(f) of the Code of Arbitration Procedure, NASD Dispute Resolution has retained the balance of \$562.50 of the hearing session deposit paid by Claimants, as case settled less than eight business days of the first scheduled hearing session.

Fee Summary

1. Claimant Thomas McGovern is solely liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$1,125.00
<u>Total Fees</u>	= \$1,425.00
<u>Less payments</u>	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$ 0.00
2. SSB is solely liable for:

Member Fees	= \$5,200.00
<u>Total Fees</u>	= \$5,200.00
<u>Less payments</u>	= \$5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00
3. Respondents are jointly and severally liable for:

Forum Fees	= \$ 562.50
<u>Total Fees</u>	= \$ 562.50
<u>Less payments</u>	= \$2,750.00
Refund Due	= \$2,187.50

All balances are due and payable to NASD Dispute Resolution

Parties' Signatures

Thomas McGovern
Claimant

Signature Date

Salomon Smith Barney, Inc.
Respondent

Signature Date

Michael Kennedy
Respondent

Signature Date

Michael Marchassalla
Respondent

Signature Date

Gabriel Torrens
Respondent

Signature Date

The Arbitration Panel has assessed \$7,275.00 of the forum fees jointly and severally to Merrill Lynch, Pierce, Fenner & Smith, Inc., and Henry M. Blodget.

Fee Summary

Claimants, Abdelkarim K. and Carri L. Wallis-Khalil, are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 7,275.00
Total Fees	= \$ 7,650.00
Less payments	= \$ 1,575.00
Balance Due NASD Dispute Resolution	= \$ 6,075.00

Respondent, Merrill Lynch, Pierce, Fenner & Smith, Inc., is liable for:

Member Fees	= \$ 7,000.00
Total Fees	= \$ 7,000.00
Less payments	= \$ 7,000.00
Balance Due NASD Dispute Resolution	= \$.00

Respondents, Merrill Lynch, Pierce, Fenner & Smith, Inc., and Henry M. Blodget, are jointly and severally liable for:

Forum Fees	= \$ 7,275.00
Total Fees	= \$ 7,275.00
Less payments	= \$.00
Balance Due NASD Dispute Resolution	= \$ 7,275.00

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

ARBITRATION PANEL

William Edward Buck, JD - Public Arbitrator, Presiding Chair
Walter J. McCoy PhD - Public Arbitrator
Dolores Martin - Non-Public Arbitrator

Concurring Arbitrators:

/s/ William Edward Buck
William Edward Buck
Public Arbitrator, Presiding Chair

July 20, 2004
Signature Date

/s/ Walter J. McCoy
Walter J. McCoy
Public Arbitrator

July 20, 2004
Signature Date

/s/ Dolores Martin
Dolores Martin
Non-Public Arbitrator

July 20, 2004
Signature Date

July 21, 2004
Date of Service (For NASD office use only)

ARBITRATION PANEL

William Edward Buck, JD - Public Arbitrator, Presiding Chair
Walter J. McCoy PhD - Public Arbitrator
Dolores Martin - Non-Public Arbitrator

Concurring Arbitrators:

William Edward Buck

William Edward Buck
Public Arbitrator, Presiding Chair

7/20/04
Signature Date

Walter J. McCoy
Public Arbitrator

Signature Date

Dolores Martin
Non-Public Arbitrator

Signature Date

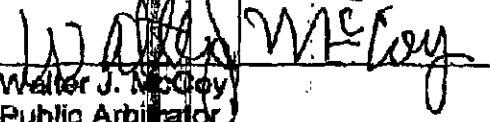
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Walter J. McCoy PhD - Public Arbitrator
Dolores Martin - Non-Public Arbitrator

Concurring Arbitrators:

William Edward Buck
Public Arbitrator, Presiding Chair


Walter J. McCoy
Public Arbitrator

Signature Date


7/20/04
Signature Date

Dolores Martin
Non-Public Arbitrator

Signature Date

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William Edward Buck, JD - Public Arbitrator, Presiding Chair
Walter J. McCoy PhD - Public Arbitrator
Dolores Martin - Non-Public Arbitrator


Concurring Arbitrators:

William Edward Buck
Public Arbitrator, Presiding Chair

Signature Date

Walter J. McCoy
Public Arbitrator

Signature Date



Dolores Martin
Non-Public Arbitrator

7-20-04

Signature Date

Date of Service (For NASD office use only)