

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of Claimants

Andrew F. and Olga M. Hinderliter

Case Number: 02-05812

Hearing Site: Houston, Texas

and

Names of Respondents

Citigroup Global Markets, Inc. and
Charles Warren ("Chip") Caprez

NATURE OF DISPUTE

Customers v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Andrew F. and Olga M. Hinderliter ("Claimants") were represented by Herbert E. Pounds, Esq., Herbert E. Pounds, Jr., P.C., San Antonio, Texas.

Citigroup Global Markets, Inc. ("Citigroup") and Charles Warren (Chip) Caprez ("Caprez"), hereinafter collectively referred to as "Respondents," were represented by Thomas D. Cordell, Esq., Haynes and Boone, LLP, Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about September 27, 2002. The Submission Agreement of Claimants, Andrew and Olga Hinderliter, was filed on or about September 27, 2002.

The Joint Statement of Answer was filed by Respondents, Citigroup and Charles Warren (Chip) Caprez on or about December 4, 2002. The Submission Agreement of Respondent, Citigroup, was filed on or about December 10, 2002. The Submission Agreement of Respondent, Charles Warren (Chip) Caprez, was filed on or about December 4, 2002.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract, breach of fiduciary duty, fraud, violation of Texas securities laws, violation of Texas Deceptive Trade Practices Act

and negligence. The claims arose from the purchase of various stocks and the purchase of a variable annuity in certain of Claimants' accounts.

Unless specifically admitted in their Answer, Respondents, denied the allegations of wrongdoing set forth in the Statement of Claim and asserted the following defenses: the allocation in the accounts at issue and in the sub-accounts of the variable annuities was suitable and consistent with Claimants' stated investment objectives, goals, investment experience, and risk tolerance. Claimants' accounts sustained no out-of-pocket losses, and any loss of profit was the result of market conditions and not any wrongdoing by Respondents.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$3,000,000.00
Punitive/Exemplary Damages	Unspecified
Interest	Unspecified
Attorneys' fees	Unspecified
Other Costs	Unspecified
Other monetary Relief	Unspecified

Respondents requested that the claims asserted against them be denied and dismissed in their entirety and that an award recommending an expungement of the claims asserted against Caprez be entered.

OTHER ISSUES CONSIDERED AND DECIDED

Claimants dismissed the claims asserted against Charles Caprez with prejudice prior to any hearing. Claimants have informed NASD Dispute Resolution that the remaining claims have been fully settled, resolved and compromised. The parties filed a Stipulation and Notice of Dismissal with NASD Dispute Resolution. Pursuant to the settlement between Claimants and Citigroup, the Claimants and Citigroup have requested that the undersigned arbitrators enter a Stipulated Award expunging any references to this case and claim from the NASD Central Registration Depository ("CRD") record of Charles Warren (Chip) Caprez. This case was filed prior to April 12, 2004 and is thus not subject to Rule 2130.

On or about April 7, 2005, the parties filed an Agreed Motion to Reopen the Case for the Sole Purpose of the Entry of a Stipulated Award. On or about April 11, 2005, the Panel granted the Motion.

The parties have agreed that the Stipulated Award in this matter may be signed by a single arbitrator for the entire panel. The parties have agreed to receive conformed copies of the Stipulated Award while the originals remain on file with the NASD Dispute Resolution ("NASD").

AWARD

After considering the parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrator orders as follows:

1. All claims against Respondent, Citigroup Global Markets, Inc., are hereby dismissed with prejudice;
2. The Panel recommends the expungement of all references to the above-captioned arbitration from Respondent, Charles W. Caprez's, registration records maintained by the NASD Central Registration Depository (CRD No. 2283276), with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent, Charles W. Caprez, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
4. Any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice.

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. In this matter, the member firm is Citigroup Global Markets, Inc.

Member surcharge	= \$ 2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

Adjournment Fees

Adjournments granted during these proceedings:

February 11-13, 2004, adjournment requested by Claimants	= \$ 1,200.00
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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:

One (1) Pre-hearing session with Panel x \$1,200.00	= \$ 1,200.00
Pre-hearing conference: April 24, 2003 1 session	

Total Forum Fees	= \$ 1,200.00
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The Arbitration Panel has assessed \$600.00 of the forum fees jointly and severally to Andrew F. and Olga M. Hinderliter.

The Arbitration Panel has assessed \$600.00 of the forum fees jointly and severally to Citigroup Global Markets, Inc. and Charles Warren ("Chip") Caprez.

Fee Summary

Claimants, Andrew F. and Olga M. Hinderliter, are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Adjournment Fee	= \$ 1,200.00
<u>Forum Fees</u>	= \$ 600.00
Total Fees	= \$ 2,300.00
<u>Less payments</u>	= \$ 2,300.00
Balance Due to NASD Dispute Resolution	= \$ 0.00

Respondent, Citigroup Global Markets, Inc., is liable for:

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

Respondents, Citigroup Global Markets, Inc. and Charles Warren ("Chip") Caprez, are jointly and severally liable for:

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

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

ARBITRATOR

Charles C. Bailey - Public Arbitrator

Arbitrator's Signature:

/s/ Charles C. Bailey
Charles C. Bailey - Public Arbitrator
Public Arbitrator

April 26, 2005
Date

May 5, 2005
Date of Service (For NASD office use only)

