

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Kathryn Slobodian
Stephen M. Solomich

Case Number: 02-06308

Names of the Respondents

Solomon Smith Barney n/k/a
Citigroup Global Markets, Inc.
and
Cheryl R. Schwarzwaelder

Hearing Site: Pittsburgh, PA

Nature of the Dispute: Customers vs. Member and Associated Person

REPRESENTATION OF PARTIES

Claimants, Kathryn Slobodian and Stephen M. Solomich, hereinafter collectively referred to as "Claimants", were represented by Robert B. Sommer, Esq., Hergenroeder, Rega and Sommer, LLC, Pittsburgh, Pennsylvania.

Respondent, Solomon Smith Barney n/k/a Citigroup Global Markets, Inc. ("Citigroup"), was represented by Robert A. Buhlman, Esq., Bingham McCutchen, LLP, Boston, Massachusetts.

Respondent, Cheryl R. Schwarzwaelder ("Schwarzwaelder"), was represented by William F. Ward, Esq., Theiman & Ward, Pittsburgh, Pennsylvania.

CASE INFORMATION

Statement of Claim filed on October 21, 2002.

Claimants signed the Uniform Submission Agreement on October 4, 2002.

Statement of Answer filed by Respondent Citibank on December 30, 2002.

A representative of Respondent Citibank signed the Uniform Submission Agreement on March 27, 2003.

Statement of Answer and Cross-claim filed by Respondent Schwarzwaelder on March 17, 2003.
Respondent Schwarzwaelder signed the Uniform Submission Agreement on December 5, 2002.

Respondent Citibank filed an Answer to Respondent Schwarzwaelder's Cross-claim on or about January 9, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: breach of duty of care, fraud, and violation of Pennsylvania Unfair Trade Practices and Consumer Protection Law. The causes of action relate to the purchase of bond funds: Managed High Yield Plus Fund and Dreyfus High Yield Strategies.

Unless specifically admitted in its Answer, Respondent Citibank denied the allegations made in the Statement of Claim and asserted the following defenses among others: failure to state a claim upon which relief may be granted, failure to mitigate, and ratification.

Unless specifically admitted in her Answer, Respondent Schwarzwaelder denied the allegations made in the Statement of Claim and asserted the following defenses among others: failure to state a claim upon which relief may be granted; waiver and estoppel; statutes of limitations; laches; authorization, acceptance and ratification; and, assumption of the risk.

Respondent Schwarzwaelder in her Cross-claim asserted a cause of action for indemnification by Respondent Citibank.

Unless specifically admitted in its Answer to the Cross-claim, Respondent Citibank denied the allegations made in the Cross-claim.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$142,980.02, interest, treble damages, and attorneys' fees.

Respondent Citibank requested that the Statement of Claim and Cross-claim be dismissed with prejudice and that it be awarded attorneys' fees and costs.

Respondent Schwarzwaelder requested that the Arbitration Panel (the "Panel") deny Claimants' claims, direct Respondent Citibank to pay her attorneys' fees and costs, direct Respondent Citibank to indemnify her, and assess all forum fees against Claimants or Respondent Citibank.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the hearing on the merits, Claimants settled their claims with Respondent Citibank.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims against Respondent Schwarzwaelder are denied in their entirety;
2. Respondent Citibank is liable to and shall pay to Respondent Schwarzwaelder attorneys' fees in the amount of twenty-five thousand dollars and no cents (\$25,000.00) pursuant to the corporate by-laws of Respondent Citibank;
3. Respondent Citibank is liable to and shall pay to Respondent Schwarzwaelder the sum of three hundred dollars and no cents (\$300.00) as reimbursement for her claim filing fee;
4. The parties shall bear their respective costs, including attorneys' fees, except as specifically set forth above and as Fees are addressed below; and,
5. Any and all relief not specifically addressed herein is denied in its entirety.

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
Cross-claim	= \$300.00

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 events giving rise to the dispute. Accordingly, Citibank is a party.

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

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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:

Two (2) Pre-hearing sessions with Panel @ \$ 1,125.00	= \$2,250.00
Pre-hearing conferences: September 8, 2003 1 session	
September 16, 2003 1 session	

Four (4) Hearing sessions @ \$1,125.00 = \$4,500.00

Hearing Dates: June 15, 2004 2 sessions

June 16, 2004 2 sessions

Total Forum Fees = \$6,750.00

The Panel has assessed \$6,750.00 of the forum fees to Respondent Citibank.

Fee Summary

1. Claimants are assessed and shall pay:

Initial Filing Fee = \$ 300.00

Total Fees = \$ 300.00

Less payments = \$ 1,500.00

Refund owed by NASD Dispute Resolution = \$ 1,200.00

2. Respondent Citibank is assessed and shall pay:

Member Fees = \$ 5,200.00

Forum Fees = \$ 6,750.00

Total Fees = \$11,950.00

Less payments = \$ 7,950.00

Balance Due NASD Dispute Resolution = \$ 4,000.00

3. Respondent Schwarzwaelder is assessed and shall pay:

Initial Filing Fee = \$ 300.00

Total Fees = \$ 300.00

Less payments = \$1,425.00

Refund owed by NASD Dispute Resolution = \$1,125.00

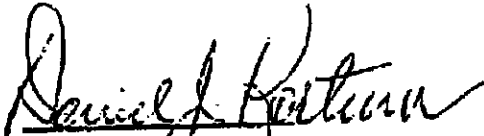
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Daniel J. Kortum, Esq.
William Lerner, Esq.
Nancy J. Rosen

- Public Arbitrator, Presiding Chairperson
- Public Arbitrator, Panelist

Concurring Arbitrators' Signatures



Daniel J. Kortum, Esq.
Public Arbitrator, Presiding Chairperson

7-1-04
Signature Date

William Lerner, Esq.
Public Arbitrator, Panelist

Signature Date

Nancy J. Rosen
Non-Public Arbitrator, Panelist

Signature Date

July 2, 2004
Date of Service (For NASD Dispute Resolution office use only)

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Daniel J. Kortum, Esq.
William Lerner, Esq.
Nancy J. Rosen

- Public Arbitrator, Presiding Chairperson
- Public Arbitrator, Panelist

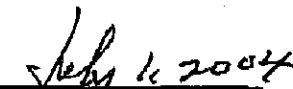
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Daniel J. Kortum, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



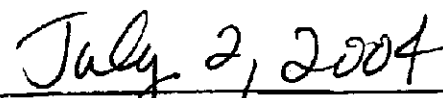
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Nancy J. Rosen
Non-Public Arbitrator, Panelist

Nancy J. Rosen

Signature Date
July 2-2004

July 2, 2004

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