

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimants

Frank E. Stachyra, Esq., and Ann M. Stachyra

Case Number: 02-07494

Name of the Respondents

Salomon Smith Barney, Inc.,
n/k/a Citigroup Global Markets, Inc.,
and Jack Grubman

Hearing Site: Chicago, Illinois

consolidated with

Name of the Claimants

Frank E. Stachyra, Esq., and Ann M. Stachyra

Case Number: 03-08719

Name of the Respondents

Paula Marie Penn, Arzu Cevik, and
B. Alexander Henderson

Hearing Site: Chicago, Illinois

NATURE OF THE DISPUTE

Customers v. Member Firm and Associated Person

and

Customers v. Associated Persons

REPRESENTATION OF PARTIES

Frank E. Stachyra, Esq. of Oak Park, Illinois represented Claimants Frank E. Stachyra, Esq., and Ann M. Stachyra, hereinafter referred to as "Claimants."

H. Nicholas Berberian, Esq., Jerry Santangelo, Esq., A. Jaime Schupp, Esq., and Hari Sevugan, Esq., of the firm Neal, Gerber & Eisenberg represented Respondents Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc. ("SSB"), Jack Grubman ("Grubman"), Paula Marie Penn ("Penn"), Arzu Cevik ("Cevik"), and B. Alexander Henderson ("Henderson"), hereinafter collectively referred to as "Respondents."

CASE INFORMATION

02-07494

Claimants filed the Statement of Claim filed on or about December 12, 2002. Claimants each signed the Uniform Submission Agreement on December 9, 2002.

Respondents SSB and Grubman filed a Joint Statement of Answer on February 6, 2003. Robert J. Mandel, Esq., signed the Uniform Submission Agreement, on behalf of Respondent SSB, on February 12, 2003 and Respondent Grubman signed the Uniform Submission Agreement on February 12, 2003.

On May 21, 2003 Claimants filed a Motion to Bar Respondents from Presenting Any matter, Arguments or Defenses at Hearing, or for Alternative Relief. Claimants filed this Motion pursuant to Rule 10314 of the NASD Code of Arbitration Procedure ("Code"). Respondents filed a Response to this Motion on May 23, 2003.

03-08719

Claimants filed the Statement of Claim filed on or about December 9, 2003 and filed a First Amended Statement of Claim on December 11, 2003. Claimants each signed the Uniform Submission Agreement on December 11, 2003.

Respondents Penn, Cevik, and Henderson filed a Joint Statement of Answer on February 9, 2004. Respondent Penn signed the Uniform Submission Agreement: February 1, 2004, Respondent Cevik signed the Uniform Submission Agreement on February 10, 2004, and Respondent Henderson signed the Uniform Submission Agreement on February 6, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: Undisclosed Conflicts of Interest, Misleading and Fraudulent Reports, Material Omissions, and Fraudulent Rating Scheme.

The stocks in question are: WorldCom, Inc., and Nortel Networks, Corp. The causes of action relate to purchases of the above-stocks made in the following accounts upon reliance of SSB research reports: Frank Stachyra SSB SEP IRA Custodian; IRA FBO Ann M. Stachyra Bank One NA as Custodian Account; and SEP FBO Frank E. Stachyra Bank One NA as Custodian Account.

Unless specifically admitted in their Respective Answers, Respondents SSB, Grubman, Penn, Cevik, and Henderson denied the allegations made in the Statements of Claim and asserted the following defenses: failure to state a claim upon which relief may be granted; Claimants' alleged damages are speculative and not legally cognizable; the alleged

damages were not proximately caused by any act, representation, or omission of Respondents; Claimants' claims are barred by the applicable statute of limitations, and the requirement of the Illinois Securities Act; Claimants failed to mitigate or avoid damages, if any; Claimants are legally and equitably estopped from asserting their claims; Claimants' claims are barred under the doctrines of waiver and/or ratification; and Claimants cannot recover attorney's fees and/or punitive damages under applicable law.

RELIEF REQUESTED

02-07494

Claimant Stachyra requested compensatory damages in the amount of \$40,405.37, punitive damages in the amount of \$4,500.00 (or such amount the panel deems just and equitable), interest, attorney's fees, costs, and any such relief the panel deems just and equitable.

Respondents requested denial and dismissal of claims, attorney's fees, and costs.

03-08719

Claimant Stachyra requested compensatory damages in the amount of \$40,355.37, punitive damages in the amount of \$30,000.00 (or such large amount as decided by the Panel), interest, attorney's fees, costs, and any such relief the panel deems just and equitable.

Respondents requested denial and dismissal of claims, attorney's fees, and costs.

OTHER ISSUES CONSIDERED AND DECIDED

In their Statement of Claim Claimants elected not to participate in any putative or certified class action pursuant to Rule 10301(d)(2) of the Code.

On October 10, 2003 Claimants requested that this arbitration a panel of three arbitrators hear this matter, rather than by a single arbitrator. The single arbitrator at the time in the matter, Jay Canel, granted the request. In an effort to comply with Rule 10308 time requirements, NASD administratively postponed the hearing that had been set to commence on October 22, 2003.

On or about February 9, 2004, Respondents requested the consolidation of NASD Arbitrations 02-07494 and 03-08719. The Claimants did not object and the cases were consolidated.

At the September 28, 2004 hearing session the Panel denied Claimants' Motion to Bar Pursuant to Rule 10314 of the Code.

During the course of the hearing, the Panel heard arguments regarding Claimants' Motion for Sanctions based on Alleged Discovery Violations and Claimants' request for enforcement of Subpoenas. In an interim order dated October 4, 2004, the Panel denied the Motion for Sanctions and Request to Enforce Subpoenas.

At the commencement of the October 8, 2004 hearing session Claimant Frank Stachyra read a statement indicating he would no longer participate in the arbitration because he felt he was not receiving a fair hearing. He did not withdraw his claims. Additionally, he indicated that the statements did not apply to Ann M. Stachyra; Mrs. Stachyra was not present. Upon completion of his statement, Mr. Stachyra left the hearing and did not return. The Panel took Mr. Stachyra's statement under advisement and deemed as his having rested his case. Moreover, due to Mrs. Stachyra's absence, the Panel inferred that she had rested her case as well. The matter proceeded with Respondents' case in-chief pursuant to Rule 10318 of the Code.

AWARD

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

1. Any and all claims asserted by Claimants Frank E. Stachyra, Esq., and Ann M. Stachyra against Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc., Jack Grubman, Paula Marie Penn, Arzu Cevik, and B. Alexander Henderson are denied in their entirety.
2. Claimants Frank E. Stachyra, Esq., and Ann M. Stachyra are jointly and severally liable to Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc. for witness travel costs for Jack Grubman, Arzu Cevik, and B. Alexander Henderson.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Paul Marie Penn, Arzu Cevik, and B. Alexander Henderson'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, Paul Marie Penn, Arzu Cevik, and B. Alexander Henderson must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
4. Except as specified herein, the parties shall bear their own costs, including attorney's fees.
5. 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 (02-07494)	= \$ 175.00
Initial claim filing fee (03-08719)	= \$ 225.00

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, SSB, as a party and employer, is assessed the following fees:

02-07494

Member surcharge	= \$ 875.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$1,000.00

03-08719

Member surcharge	= \$ 1,100.00
Pre-hearing process fee	= \$ 750.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

Respondent SSB requested the July 8-9, 2004 hearing dates	= \$1,125.00
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Forum Fees and Assessments

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

Two (2) Pre-hearing sessions with a single arbitrator at \$450.00	= \$ 900.00
Pre-hearing conferences: June 18, 2003	1 session
August 25, 2003	1 session

Two (2) Pre-hearing sessions with Panel at \$1,125.00	= \$ 2,250.00
Pre-hearing conferences: April 19, 2004	1 session
July 7, 2004	1 session

Nine (9) Hearing sessions at \$1,125.00	= \$10,125.00
Hearing Dates: September 28, 2004	2 sessions
September 29, 2004	2 sessions

September 30, 2004	2 sessions
October 1, 2004	2 sessions
October 8, 2004	1 session
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Total Forum Fees	= \$13,275.00

The Panel assessed \$13,275.00 of the forum fees to Frank E. Stachyra, Esq., and Ann M. Stachyra, jointly and severally.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

1. Frank E. Stachyra, Esq., and Ann M. Stachyra, requested copies of three (3) tapes at \$15.00 = \$ 45.00
2. Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc., requested one copy (1) of a tape at \$15.00 = \$ 15.00

FEE SUMMARY

Claimants Frank E. Stachyra, Esq., and Ann M. Stachyra are jointly and severally liable for:

Initial Filing Fee (02-07494)	= \$ 175.00
Initial Filing Fee (03-08719)	= \$ 225.00
Administrative Fees	= \$ 45.00
Forum Fees	= \$13,275.00
Total Fees	= \$13,720.00
Less payments (02-07494)	= \$ 1,450.00
Less payments (03-08719)	= \$ 225.00
Balance Due NASD Dispute Resolution	= \$12,045.00

Respondent Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc., is solely liable for:

Member Fees (02-07494)	= \$ 2,625.00
Member Fees (03-08719)	= \$ 1,850.00
Administrative Fees	= \$ 15.00
Adjournment Fee	= \$ 1,125.00
Total Fees	= \$ 5,615.00
Less payments (02-07494)	= \$ 5,925.00
Less payments (03-08719)	= \$ 1,850.00
Refund Due from NASD Dispute Resolution	= \$ 2,160.00

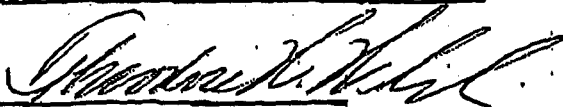
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

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ARBITRATION PANEL

Theodore W. Wroblewski, Esq.	-	Public Arbitrator, Presiding Chairperson
John J. Enright, Esq.	-	Public Arbitrator
Phillip M. Petraitis	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


Theodore W. Wroblewski, Esq.
Public Arbitrator, Presiding Chairperson

October 22, 2004
Signature Date

John J. Enright, Esq.
Public Arbitrator

Signature Date

Phillip M. Petraitis
Non-Public Arbitrator

Signature Date

10/22/04

Date of Service (For NASD Dispute Resolution office use only)

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John J. Enright, Esq.	-	Public Arbitrator
Phillip M. Petraitis	-	Non-Public Arbitrator

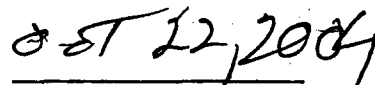
Concurring Arbitrators' Signatures

Theodore W. Wrobleski, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



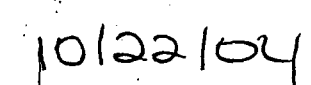
John J. Enright, Esq.
Public Arbitrator



Signature Date

Phillip M. Petraitis
Non-Public Arbitrator

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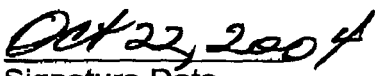
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