

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimants

Martin R. Reid, Jr. individually and as
Trustee for Charitable Remainder Trust

and

02-07519
Phoenix, Arizona

Name of Respondents

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc.
John P. McKenna

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

REPRESENTATION OF PARTIES

Martin R. Reid, Jr. individually and as Trustee for Charitable Remainder Trust ("**Claimants**") were represented by Jeffrey A. Sellers, Esq., Silverberg, Yood, Sellers, McGorry & Silverberg, Buffalo, New York.

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("**Respondent Citigroup**") and John P. McKenna ("**Respondent McKenna**") (collectively as "**Respondents**") were represented by Tom Galbraith, Esq. and Ed Hendricks, Jr., Esq., Meyer Hendricks & Bivens PA, Phoenix, Arizona.

CASE INFORMATION

The Statement of Claim was filed on or about December 13, 2002. Submission Agreement of Claimant Martin R. Reid, Jr. individually and as Trustee for Charitable Remainder Trust was signed on December 6, 2002 by Martin R. Reid, Jr.

Response to Statement of Claim by Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and John McKenna was filed on or about March 24, 2003. Submission Agreement of Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. was signed on April 3, 2003. Submission Agreement of Respondent John P. McKenna was signed on April 10, 2003.

CASE SUMMARY

Claimant asserted the following causes of action: negligence; breach of fiduciary duty; failure to supervise; breach of contract; breach of duty; violation of federal and state securities laws; and violations of the NASD Rules of Fair Practice. In addition, Claimants alleged that Respondents: "failed in their obligation to provide competent and professional services in accordance with applicable industry rules, regulations, customs and practices." The causes of action relate to the purchases and sales of various securities including common stocks and mutual funds.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated

John McKenna, Jim Casey and SSB provided high quality brokerage services to the Reids throughout. The losses that the Reids' experienced in their two managed equities accounts were risks which the Reids knowingly assumed in the hope of making profits for themselves. The Reids' were not defrauded in any way, and all of the securities John McKenna caused to be purchased for them were suitable

RELIEF REQUESTED

Claimants requested an award directing that:

1. Awarding damages to Martin R. Reid, Jr. regarding account number 64483 in the amount of \$148,999.00; and
2. Awarding damages to Martin R. Reid in relation to account number 19407273-14 in the amount of \$45,172.00;
3. Punitive damages in an amount to be determined by the arbiters; and
4. Such further and different relief as the arbiters deem just, proper and appropriate in the circumstances.

Respondents requested an arbitration award that provides:

- A. Claimants shall take nothing from the Statement of Claim;
- B. All claims in the Statement of Claim are dismissed with prejudice;
- C. The Claimants shall reimburse the Respondents for all of Respondents' costs and attorneys' fees;
- D. The Claimants shall pay all forum fees; and
- E. The individual registration record of John McKenna maintained by the Central Registration Depository shall be expunged of all mention of the Reids' claims.

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 and the post-hearing submissions, 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 dismissed in their entirety.
2. 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.
3. 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, not specifically awarded or otherwise provided for above.

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(s) 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
Total Member Fees	\$	5,200.00

Adjournment Fees

Adjournments requested during these proceedings:

Hearing Date(s), adjournment by requested Claimants (fee waived)	= \$1,125.00
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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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

2	Pre-hearing session(s) with Panel	x	1,125.00	\$	2,250.00
	July 16, 2003	1	session		
	January 26, 2004	1	session		
6	Hearing sessions	x	1,125.00	\$	6,750.00
	January 28, 2004	2	sessions		
	January 29, 2004	2	sessions		
	January 30, 2004	2	sessions		
	Total Forum Fees			\$	9,000.00

The Arbitration Panel has assessed \$4,500.00 of the forum fees to Martin R. Reid, Jr. individually and as Trustee for Charitable Remainder Trust.

The Arbitration Panel has assessed \$4,500.00 of the forum fees jointly and severally to Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and John P. McKenna.

Fee Summary

Claimants, Martin R. Reid, Jr. individually and as Trustee for Charitable Remainder Trust shall be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$	300.00
<u>Forum Fees</u>	= \$	9,000.00
Total Fees	= \$	9,300.00
<u>Less payments</u>	= \$	-1,425.00
Balance Due NASD Dispute Resolution	= \$	7,875.00

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Arbitration No. 02-07519
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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>	= \$	0.00
Total Fees	= \$	5,200.00
<u>Less payments</u>	= \$	-7,200.00
Balance applied to fees below by NASD Dispute Resolution	= \$	2,000.00

Respondents, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and John P. McKenna, shall be and hereby are jointly and severally liable for:

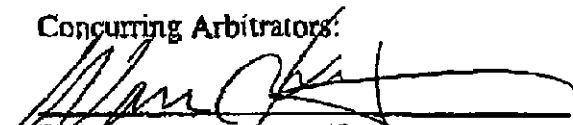
<u>Forum Fees</u>	= \$	9,000.00
Total Fees	= \$	9,000.00
<u>Less payments</u>	= \$	-2,000.00
Balance Due NASD Dispute Resolution	= \$	7,000.00

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Warren C. Kotzmann, Esq. - Public Arbitrator, Presiding Chair
Seymour A. Kolman, Esq. - Public Arbitrator
James B. Kaiser - Non-Public Arbitrator

Concurring Arbitrators:


Warren C. Kotzmann, Esq.
Public Arbitrator, Presiding Chair

2/20/04
Signature Date

Seymour A. Kolman, Esq.
Public Arbitrator

Signature Date

James B. Kaiser
Non-Public Arbitrator

Signature Date

Member Fees	= \$	5,200.00
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Respondents, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and John P. McKenna, shall be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$	9,000.00
Total Fees	= \$	9,000.00
<u>Less payments</u>	= \$	-2,000.00
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All balances are due to NASD Dispute Resolution

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Warren C. Kotzmann, Esq. - Public Arbitrator, Presiding Chair
Seymour A. Kolman, Esq. - Public Arbitrator
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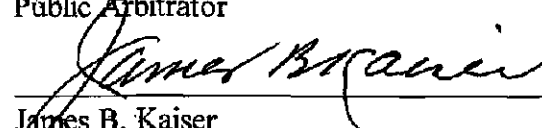
Concurring Arbitrators:

Warren C. Kotzmann, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Seymour A. Kolman, Esq.
Public Arbitrator

Signature Date



James B. Kaiser
Non-Public Arbitrator

2/18/04

Signature Date