

COPY

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Howard and Maite Turmon, Claimants v. Salomon Smith Barney, Inc. and Charles J. Smith,
Respondents

Case Number: 02-07673

Hearing Site: San Francisco, California

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

REPRESENTATION OF PARTIES

For Claimants:

George Donaldson, Esq.
Daniel B. Harris, Esq.
Law Offices of George Donaldson
San Francisco, California

For Respondents:

Peter R. Boutin, Esq.
Gordon C. Young, Esq.
Keesal, Young & Logan
San Francisco, California

CASE INFORMATION

Statement of Claim filed: December 19, 2002

Claimants' Uniform Submission Agreement signed: December 18, 2002

Joint Statement of Answer filed by Respondents Salomon Smith Barney, Inc., also known as
Citigroup Global Markets, Inc. ("Smith Barney") and Charles J. Smith: March 3, 2003

Respondent Smith Barney's Uniform Submission Agreement signed: March 3, 2003

Respondent Charles J. Smith's Uniform Submission signed: Undated

CASE SUMMARY

Claimants alleged that the above-referenced dispute involves investments in Cisco Systems, Inc. stock. Claimants further alleged that they followed the advice and direction of Respondents and that as a result of Respondents' actions, Claimants suffered losses of at least \$2 million. Claimants also alleged the following claims: 1) Breach of Contract; 2) Negligence; 3) Failure to

Supervise; 4) Breach of Fiduciary Duty; 5) Misrepresentations/Non-Disclosures; 6) Omission of Facts; and 7) Suitability.

Respondents denied Claimants' allegations of wrongdoing and denied any liability to Claimants. Respondents also asserted affirmative defenses.

RELIEF REQUESTED

Claimants requested:

1. Damages of at least \$2,000,000.00;
2. Interest;
3. Costs;
4. Attorney's fees; and
5. Such additional amounts deemed appropriate.

Respondents requested dismissal of Claimants' claims and requested costs.

OTHER ISSUES CONSIDERED AND DECIDED

On February 4, 2003, Claimants and Claimants' Counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

On February 2003, Respondents' counsel signed a Waiver Agreement expressly waiving any and all rights and benefits under California Civil Code Section 1542 and the California Ethical Standards for Neutral Arbitrators.

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

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

- 1) Respondent Smith Barney is solely liable for and shall pay to Claimants, the sum of \$445,524.61 in compensatory damages.

- 2) All claims by Claimants against Respondent Charles J. Smith are denied.
- 3) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Charles J. Smith'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, Respondent Charles J. Smith must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
- 4) Each party shall bear its own costs, including attorney's fees.
- 5) All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD-DR received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$500.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, Smith Barney is a party and the following fees are assessed:

Member Surcharge	= \$2,800.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$5,000.00</u>
Total Member Fees	= \$8,550.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

(2) Pre-hearing conference sessions with a single arbitrator @ \$450.00/session = \$900.00

Pre-hearing conferences:	October 1, 2003	1 session
	December 1, 2003	1 session

(1) Pre-hearing conference session with the Panel @ \$1,200.00/session = \$1,200.00

Pre-hearing conference:	October 13, 2003	1 session
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(8) Hearing sessions @ \$1,200.00/session = \$9,600.00

Hearing:	October 20, 2003	2 sessions
	December 2, 2003	2 sessions
	December 3, 2003	2 sessions
	December 6, 2003	2 sessions

Total Forum Fees = \$11,700.00

The Panel waived \$2,400.00 in forum fees with respect to the hearing sessions held October 20, 2003.

The Panel assessed \$4,650.00 in forum fees to Claimants.

The Panel assessed \$4,650.00 in forum fees to Respondents, Smith Barney and Charles J. Smith, jointly and severally.

Fee Summary

1. Claimants are charged with the following fees and costs:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 4,650.00
<hr/> Total Fees	<hr/> = \$ 5,150.00
Less Payments	= \$(1,700.00)
<hr/> Balance Due NASD-DR	<hr/> = \$ 3,450.00

2. Respondent Smith Barney is charged with the following fees and costs:

Member Fees	= \$ 8,550.00
Less Payments	= \$(8,550.00)
<hr/> Balance Due NASD-DR	<hr/> = \$ 0.00

3. Respondents Smith Barney and Charles J. Smith are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 4,650.00
Less Payments	= \$ (0.00)
<hr/> Balance Due NASD-DR	<hr/> = \$ 4,650.00

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

ARBITRATION PANEL

Kenneth J. Roman	-	Public Arbitrator, Presiding Chair
Marian L. Snyder	-	Public Arbitrator
Greg N. Tcherkoyan	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Kenneth J. Roman
Chair, Public Arbitrator

Signature Date

Marian L. Snyder

Marian L. Snyder
Public Arbitrator

March 23, 2004

Signature Date

Greg N. Tcherkoyan
Non-Public Arbitrator

Signature Date

3/23/04

Date of Service

ARBITRATION PANEL

Kenneth J. Roman	-	Public Arbitrator, Presiding Chair
Marian L. Snyder	-	Public Arbitrator
Greg N. Tcherkoyan	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Kenneth J. Roman
Chair, Public Arbitrator

Signature Date

Marian L. Snyder
Public Arbitrator

Signature Date



Greg N. Tcherkoyan
Non-Public Arbitrator

3-19-04
Signature Date

3/23/04
Date of Service

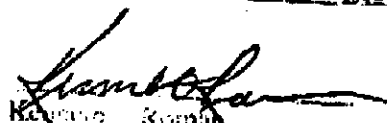
NAST 12-1-04
Arbitration No. 02-07673
Award Page 5 of 5

ARBITRATION PANEL

Kenneth J. Kogan
Marianne S. Szyder
Greg N. Tcherkoyan

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concerning Arbitrators' Signatures


Kenneth J. Kogan
Chair, Public Arbitrator

3/20/04
Signature Date

Marianne S. Szyder
Public Arbitrator

Signature Date

Greg N. Tcherkoyan
Non-Public Arbitrator

Signature Date

3/23/04
Date of Service