

CORRECTED AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Names of Claimants

John Ogrodnick, BettyAnne Ogrodnick,
William C. Smith and Diane S. Smith

and

Case Number: 03-01255
Hearing Site: Troy, Michigan

Names of Respondents

Citigroup Global Markets, Inc.
f/k/a Salomon Smith Barney, Inc.
and David M. Barnett

NATURE OF DISPUTE

Customers v. Member and Associated Person

REPRESENTATION OF PARTIES

John Ogrodnick, BettyAnne Ogrodnick, William C. Smith and Diane S. Smith ("Claimants") were represented by Anthony V. Trogan, Esq., and Lysa Postula-Stein, Esq., West Bloomfield, Michigan as of on or about October 8, 2003

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup") and David M. Barnett ("Barnett"), hereinafter referred to as "Respondents" were represented by Jeffrey T. Rogg, Esq., Miller Canfield Paddock & Stone PLLC, Detroit, Michigan.

CASE INFORMATION

The Statement of Claim was filed on or about February 19, 2003. The Submission Agreement of Claimants John Ogrodnick and BettyAnne Ogrodnick on or about February 14, 2003. Claimants submitted an Amended Statement of Claim on or about October 8, 2003. The Submission Agreement of Claimants William C. Smith and Diane S. Smith was signed on or about February 13, 2003.

Statement of Answer was filed jointly by Citigroup and Barnett on or about April 22, 2003. The Submission Agreement of Respondent David M. Barnett was signed on or about March 8, 2004.

Respondents filed an amended Answer and Motion to Dismiss on or about February 23, 2004. Claimants filed a Response to Motion on or about March 8, 2004. Respondents filed a Reply Brief in Support of Motion to Dismiss on or about March 17, 2004. Claimants' filed a Counter-Reply Opposing Respondents' Motion to Dismiss on or about March 22, 2004. Respondents filed a Sur-Reply Brief in Support of Motion to Dismiss on or about March 24, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: misrepresentations; breach of fiduciary duty; breach of margin agreement; commercially unreasonable actions by Respondents; and violation of the Michigan Securities Act. The causes of action relate to Respondents sale of over 300,000 of Claimants' shares in Authentidate Holding Corp (ADAT) stock in order to meet margin requirements.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's claims are barred, in whole or in part, by the applicable statute of limitations; the injuries, if any, alleged by Claimants were caused, in whole or in part, by Claimants' failure to mitigate damages; and the purported wrongdoing on the part of Respondents was not the proximate cause of the losses for which Claimants seek recovery.

RELIEF REQUESTED

Claimants requested an award in excess of \$2,000,000.00 in their Statement of Claim. In their Amended Statement of Claim, Claimants requested unspecified actual damages, plus punitive and exemplary damages, costs, attorney fees and other further and different relief as the panel deemed appropriate.

Respondents requested that the claims asserted against them be dismissed in their entirety and that Respondent Barnett's CRD record be expunged of all references to this matter.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified thought counsel at the hearing is bound by the determination of the arbitration panel on all issues submitted.

During the Pre-Hearing Conference on August 13, 2003, William Smith appeared on behalf of all Claimants and volunteered to submit a More Definite Statement of Claim in response to Respondents' Motion. The Panel ordered Claimants to submit the More Definite Statement of Claim and ordered a briefing schedule.

The Panel denied Respondents' Motion to Dismiss in its Order entered on April 2, 2004.

At hearing, after the conclusion of Claimants' proofs, Respondents moved for dismissal. The panel deferred decision on Respondents' Motion and it is heretofore denied.

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 NASD Dispute Resolution ("NASD").

AWARD

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

- 1.) Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., is liable for and shall pay to Claimants, John Ogrodnick and BettyAnne Ogrodnick, the sum of \$11,500.00 in compensatory damages;
- 2.) Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., is liable for and shall pay to Claimants, William C. Smith and Diane S. Smith, the sum of \$19,500.00 in compensatory damages;
- 3.) Claimants' claims, each and all, against Respondent David M. Barnett, are denied and dismissed with prejudice;
- 4.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent David M. Barnett's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent David M. Barnett must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
- 5.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 6.) 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
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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. 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

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:

One (1) Pre-hearing session with Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference: August 13, 2003 1 session	
Six (6) Hearing sessions x \$1,200.00	= \$7,200.00
Hearing Dates: April 13, 2004 2 sessions	
April 14, 2004 2 sessions	
April 15, 2004 2 sessions	
Total Forum Fees	= \$8,400.00

The Arbitration Panel has assessed \$4,200.00 of the forum fees jointly and severally to John Ogrodnick, BettyAnne Ogrodnick, William C. Smith and Diane S. Smith.

The Arbitration Panel has assessed \$4,200.00 of the forum fees solely to Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc.

Fee Summary

Claimants, John Ogrodnick, BettyAnne Ogrodnick, William C. Smith and Diane S. Smith, are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 4,200.00
Total Fees	= \$ 4,700.00
Less payments	= \$ 1,700.00
Balance Due NASD Dispute Resolution	= \$ 3,000.00

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

Forum Fees	= \$ 4,200.00
Member Fees	= \$ 8,550.00
Total Fees	= \$12,750.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 4,200.00

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

ARBITRATION PANEL

Paul M. Stoychoff, Esq. - Public Arbitrator, Presiding Chair
Benjamin A. Kerner, Esq. - Public Arbitrator
V. George Laktzian - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Paul M. Stoychoff, Esq.
Paul M. Stoychoff, Esq.
Public Arbitrator, Presiding Chair

05/12/04
Signature Date

/s/ Benjamin A. Kerner, Esq.
Benjamin A. Kerner, Esq.
Public Arbitrator

05/11/04
Signature Date

/s/ V. George Laktzian
V. George Laktzian
Non-Public Arbitrator

05/12/04
Signature Date

05/13/04
Date of Service (For NASD office use only)

Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, 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. f/k/a Salomon Smith Barney, Inc. and David M. Barnett, are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 4,200.00
<u>Total Fees</u>	= \$ 4,200.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 4,200.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10930(g) of the Code.


ARBITRATION PANEL

Paul M. Stoychoff, Esq. - Public Arbitrator, Presiding Chair
Benjamin A. Kerner, Esq. - Public Arbitrator
V. George Laktzian - Non-Public Arbitrator

Concurring Arbitrators:

Paul M. Stoychoff, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Benjamin A. Kerner, Esq.
Public Arbitrator

Signature Date

V. George Laktzian
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

N.A.S.D. Dispute Resolution, Inc.
RECEIVED

NASD Dispute Resolution
Arbitration No. 03-01255
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Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., is liable for:

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

Respondents, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and David M. Barnett, are jointly and severally liable for:

Forum Fees	= \$ 4,200.00
Total Fees	= \$ 4,200.00
Less payments	= \$ 0.00
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Benjamin A. Kerner, Esq. - Public Arbitrator
V. George Laktzian - Non-Public Arbitrator

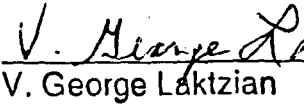
Concurring Arbitrators:

Paul M. Stoychoff, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Benjamin A. Kerner, Esq.
Public Arbitrator

Signature Date


V. George Laktzian
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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

Member Fees	= \$ 8,550.00
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Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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ARBITRATION PANEL

Paul M. Stoychoff, Esq. - Public Arbitrator, Presiding Chair
Benjamin A. Kerner, Esq. - Public Arbitrator
V. George Laktzian - Non-Public Arbitrator

Concurring Arbitrators:

P. M. Stoychoff
Paul M. Stoychoff, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Benjamin A. Kerner, Esq.
Public Arbitrator

Signature Date

V. George Laktzian
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)