

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Names of Claimants

Herbert L. Wallace, Individually and as
Personal Representative of the Heirs and
Estate of Mercedes De-Foronda DeWallace
and Elizabeth Wallace-DeDuarte

and

Case Number: 03-02327
Hearing Site: Houston, Texas

Names of Respondents

Citigroup Global Markets, Inc.
and Manny Canales

NATURE OF DISPUTE

Customers v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Herbert L. Wallace, Individually and as Personal Representative of the Heirs and Estate of Mercedes De-Foronda DeWallace and Elizabeth Wallace-DeDuarte ("**Claimants**") were represented by Steven J. Lownds, Esq., Quilling, Selander, Cummiskey & Lownds, Dallas, Texas.

Citigroup Global Markets, Inc. ("**Citigroup**") and Manny Canales ("**Canales**"), hereinafter collectively referred to as "Respondents," were represented by Thomas Cordell, Esq., Haynes & Boone LLP, Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about April 1, 2003. The Uniform Submission Agreement of Claimants Herbert L. Wallace, Individually and as Personal Representative of the Heirs and Estate of Mercedes De-Foronda DeWallace and Elizabeth Wallace-DeDuarte, was signed on or about February 4, 2003.

The Joint Statement of Answer was filed by Respondents, Citigroup Global Markets, Inc. and Manny Canales, on or about July 1, 2003. The Uniform Submission Agreement of Respondent, Citigroup Global Markets, Inc., was signed on or about June 30, 2003. The

Uniform Submission Agreement of Respondent, Manny Canales, was signed on or about June 18, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty, suitability, misrepresentations, failure to supervise, negligence and breach of contract. The causes of action related to the purchase of various emerging market debt securities in Claimants' account.

Respondents, Citigroup Global Markets, Inc. and Manny Canales, denied the allegations made in the Statement of Claim and asserted defenses including the following: Claimants' accounts were nondiscretionary and Respondents did not exercise any control over the accounts; any losses in Claimants' accounts were the result of Claimants' chosen investment strategy and market conditions and not any wrongdoing by Respondents; and Respondents did not breach any duty owed to Claimants and Respondents were not negligent.

RELIEF REQUESTED

Claimants requested an award in the amount of:

| | |
|-----------------------------|--------------|
| Actual/Compensatory Damages | \$392,000.00 |
| Attorneys' Fees | Unspecified |
| Other Costs | Unspecified |
| Other Monetary Relief | Unspecified |

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees. Respondent Canales requested expungement of all reference to this matter from his CRD.

OTHER ISSUES CONSIDERED & DECIDED

Claimants dismissed their claims against Respondent Canales with prejudice prior to the hearing. Claimants have informed NASD Dispute Resolution that their remaining claims have been fully settled.

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 parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

- 1.) Claimants' claims against Respondents, Citigroup Global Markets, Inc. and Manny Canales, are dismissed with prejudice;
- 2.) The panel recommends the expungement, of all references to the above captioned arbitration from Respondent, Manny Canales', registration record maintained by NASD Central Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09 and 99-54, Respondent, Manny Canales, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 4.) Any and all relief not specifically addressed herein, including attorneys' fees and costs is denied and all claims are dismissed 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 = \$ 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. In this matter, the member firm is Citigroup Global Markets, Inc.

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

Fee Summary

Claimant, Herbert L. Wallace, Individually and as Personal Representative of the Heirs and Estate of Mercedes De-Foronda DeWallace and Elizabeth Wallace-DeDuarte, are jointly and severally liable for:

| | |
|--------------------|---------------|
| Initial Filing Fee | = \$ 300.00 |
| Total Fees | = \$ 300.00 |
| Less payments | = \$ 1,425.00 |
| Refund to Claimant | = \$ 1,125.00 |

Respondent, Citigroup Global Markets, Inc. is liable for:

| | |
|-------------------------------------|---------------|
| Member Fees | = \$ 5,200.00 |
| Total Fees | = \$ 5,200.00 |
| Less payments | = \$ 5,200.00 |
| Balance Due NASD Dispute Resolution | = \$.00 |

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

ARBITRATION PANEL

Jeff Kilgore, Esq. - Public Arbitrator, Presiding Chair
Robert Dan Sherrill - Public Arbitrator
Gerald Don Gregory - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Jeff Kilgore, Esq.
Jeff Kilgore, Esq.
Public Arbitrator, Presiding Chair

February 17, 2005
Signature Date

/s/ Robert Dan Sherrill
Robert Dan Sherrill
Public Arbitrator

February 16, 2005
Signature Date

/s/ Gerald Don Gregory
Gerald Don Gregory
Non-Public Arbitrator

February 16, 2005
Signature Date

February 22, 2005
Date of Service (For NASD office use only)

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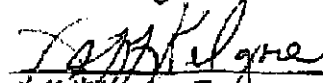
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Concurring Arbitrators:



Jeff Kilgore, Esq.
Public Arbitrator, Presiding Chair

Feb 17 2005

Signature Date

Robert Dan Sherrill
Public Arbitrator

Signature Date

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Signature Date

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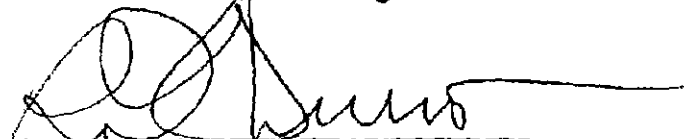
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Robert Dan Sherrill - Public Arbitrator
Gerald Don Gregory - Non-Public Arbitrator

Concurring Arbitrators:

Jeff Kilgore, Esq.
Public Arbitrator, Presiding Chair



Robert Dan Sherrill
Public Arbitrator

Signature Date

2/16/2005
Signature Date

Gerald Don Gregory
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Concurring Arbitrators:

Jeff Kilgore, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Robert Dan Sherrill
Public Arbitrator

Signature Date



Gerald Don Gregory
Non-Public Arbitrator

2-16-05

Signature Date

Date of Service (For NASD office use only)