

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of Claimants

Michael and Jeannette Paul

vs.

Case Number: 03-02737

Hearing Site: Pittsburgh, Pennsylvania

Name of Respondent

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

NATURE OF THE DISPUTE

Customers vs. Member

REPRESENTATION OF PARTIES

Michael and Jeannette Paul ("Claimants") were represented by Robert B. Sommer, Esq., Hergenroeder Rega and Sommer, LLC, Pittsburgh, Pennsylvania. On June 6, 2006, Mr. Sommer filed a Notice of Withdrawal. Claimants appeared pro se after that date.

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Respondent") was represented by William A. Hohaus, Esq., Citigroup Global Markets, Inc., New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about April 14, 2003. The Submission Agreement of Claimants, Michael and Jeannette Paul, was signed on or about April 4, 2003.

The Statement of Answer was filed by Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., on or about August 21, 2003. The Submission Agreement of Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., was signed on or about August 21, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract; breach of fiduciary duty; and breach of duty of care. The causes of action related to the recommendation and purchase of various unspecified securities. Claimants alleged that Respondent invested

their assets in high speculative, hi-tech investments that were contrary to their investment objectives. Claimants also alleged that Respondent told them that they would not incur negative tax liabilities when transferring their IRA accounts from Fidelity to Smith Barney. Claimant further asserted that contrary to Respondent's representations, they incurred significant tax liabilities as a result of the transfer of funds.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; Claimants assumed the risks regarding the investments with Respondent; and Claimants failed to mitigate their damages.

RELIEF REQUESTED

Claimants requested an award in the amount of:

| | |
|-----------------------------|-----------------|
| Actual/Compensatory Damages | \$ 1,015,068.00 |
| Interest | Unspecified |
| Other Monetary Relief | Unspecified |

Respondent requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Claimant, Jeannette Paul, did not make an appearance at the final hearing.

On December 20, 2006, at the conclusion of the Claimants' case-in-chief, Respondent made an oral Motion to Dismiss. After deliberation, the Panel granted Respondent's motion.

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.

AWARD

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

- 1.) Claimants' claims, each and all, are hereby denied and dismissed with prejudice;

- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3.) Any relief not specifically enumerated is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial Claim filing fee = \$ 500.00

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. f/k/a Salomon Smith Barney, Inc.

| | |
|-------------------------|---------------|
| Member surcharge | = \$ 2,800.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$ 5,000.00 |

Adjournment Fees

Adjournments granted during these proceedings:

| | |
|--|---------------|
| August 18-20, 2004, adjournment requested by Respondent | = \$ 1,200.00 |
| January 5-7, 2005, adjournment requested by Respondent | = \$ 1,500.00 |
| October 18-20, 2005, adjournment requested by Claimants (Waived by the Panel) | = \$ 1,200.00 |
| July 11-14, 2006, adjournment requested by Claimants | = \$ 1,500.00 |

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers. 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 Panel x \$1,200.00 | = \$ 2,400.00 |
|--|---------------|

Pre-hearing conferences: November 14, 2003 1 session
 May 19, 2005 1 session

Three (3) Hearing sessions x \$1,200.00 = \$ 3,600.00

Hearing Dates: December 19, 2006 2 sessions
 December 20, 2006 1 session

Total Forum Fees = \$ 6,000.00

The Panel has assessed \$3,000.00 of the forum fees jointly and severally to Michael and Jeannette Paul.

The Panel has assessed \$3,000.00 of the forum fees to Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc.

FEE SUMMARY

Claimants, Michael and Jeannette Paul, are jointly and severally liable for:

| | |
|-------------------------------------|---------------------|
| Initial Filing Fee | = \$ 500.00 |
| Adjournment Fee | = \$ 1,500.00 |
| Forum Fees | = \$ 3,000.00 |
| <hr/> Total Fees | <hr/> = \$ 5,000.00 |
| Less payments | = \$ 1,700.00 |
| Balance Due NASD Dispute Resolution | = \$ 3,300.00 |

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

| | |
|-------------------------------------|----------------------|
| Member Fees | = \$ 8,550.00 |
| Adjournment Fee | = \$ 2,700.00 |
| Forum Fees | = \$ 3,000.00 |
| <hr/> Total Fees | <hr/> = \$ 14,250.00 |
| Less payments | = \$ 11,250.00 |
| Balance Due NASD Dispute Resolution | = \$ 3,000.00 |

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

ARBITRATION PANEL

Richard W. Dissen, Esq. - Public Arbitrator, Presiding Chair
Beth Rackley Hesselson - Public Arbitrator
Glenn L. Nobel - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Richard W. Dissen, Esq.
Richard W. Dissen, Esq.
Public Arbitrator, Presiding Chair

December 22, 2006
Signature Date

/s/ Beth Rackley Hesselson
Beth Rackley Hesselson
Public Arbitrator

December 21, 2006
Signature Date

/s/ Glenn L. Nobel
Glenn L. Nobel
Non-Public Arbitrator

December 21, 2006
Signature Date

December 21, 2006
Date of Service (For NASD office use only)

ARBITRATION PANEL

Richard W. Dissen, Esq. - Public Arbitrator, Presiding Chair
Beth Rackley Hesselson - Public Arbitrator
Glenn L. Nobel - Non-Public Arbitrator

Concurring Arbitrators' Signatures:



Richard W. Dissen, Esq.
Public Arbitrator, Presiding Chair

12-22-06

Signature Date

Beth Rackley Hesselson
Public Arbitrator

Signature Date

Glenn L. Nobel
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

Richard W. Dissen, Esq. - Public Arbitrator, Presiding Chair
Beth Rackley Hasselton - Public Arbitrator
Glenn L. Nobel - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Richard W. Dissen, Esq.
Public Arbitrator, Presiding Chair

Signature Date


Beth Rackley Hasselton
Public Arbitrator

12-21-06

Signature Date

Glenn L. Nobel
Non-Public Arbitrator

Signature Date

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Beth Rackley Hesselson - Public Arbitrator
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Concurring Arbitrators' Signatures:

Richard W. Dissen, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Beth Rackley Hesselson
Public Arbitrator

Signature Date

Glenn L. Nobel
Non-Public Arbitrator

Dec 21, 2006
Signature Date

Date of Service (For NASD office use only)