

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

George Harrington and Lauren Harrington (Claimants) v. Smith Barney, Inc. and Fausto P. Lima (Respondents)

Case Number: 03-02927

Hearing Site: New York, New York

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

REPRESENTATION OF PARTIES

Claimants George Harrington ("G. Harrington") and Lauren Harrington ("L. Harrington") hereinafter collectively referred to as "Claimants": George M. Gavalas, Esq., George M. Gavalas, P.C., Mineola, NY.

Respondents Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc., ("Smith Barney") and Fausto P. Lima ("Lima") hereinafter collectively referred to as "Respondents": Daniel Reiser, Esq., Frank J. Cuccio, Esq., Bressler, Amery & Ross, P.C., Morristown, NJ. Previously represented by Ellen Slipp, Esq., Citigroup Global Markets, Inc., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: April 9, 2003.

Claimant G. Harrington signed the Uniform Submission Agreement: April 5, 2003.

Claimant L. Harrington signed the Uniform Submission Agreement: April 5, 2003.

Statement of Answer filed by Respondents on or about: September 18, 2003.

Respondent Citigroup signed the Uniform Submission Agreement: September 18, 2003.

Respondent Lima did not submit a signed Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: suitability, negligence, violations of other statutes and regulations governing the conduct broker dealers, New York Stock Exchange and NASD rules, common law fraud, breach of fiduciary duty, breach of contract, breach of third party beneficiary contracts and negligence, breach of implied covenants, misrepresentations, and failure to supervise. The causes of action relate to margin and technology stocks.

Unless specifically admitted in their Answer, Respondents denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$900,000.00 plus interest, attorneys' fees, costs and disbursements of this action, and such other and further relief as is just and proper.

Respondents requested dismissal of the Statement of Claim in its entirety, that Respondents be awarded their fees and expenses, including forum fees and all other costs of this proceeding and expungement of all references to this matter from Lima's CRD record.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Fausto did not file with NASD Dispute Resolution, Inc. a properly executed submission agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, is bound by the determination of the Panel on all issues submitted.

By letter dated July 26, 2004 NASD Dispute Resolution notified the parties that the Panel, after reviewing all submissions and considering all oral arguments regarding Respondents' Motion to Dismiss, or alternatively for Sanctions, made the following determinations: 1. The Motion to Dismiss is denied. 2. The Motion for Sanctions is granted. Claimant's counsel, Mr. Gavalas, is liable for and shall personally pay \$250.00 to Respondents. 3. The costs of the July 23, 2004 pre-hearing conference are to be assessed solely against Claimants.

On or about May 20, 2005 Claimants notified NASD Dispute Resolution that the parties settled this matter.

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

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, in lieu of a hearing and upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. Claimants' claims are dismissed with prejudice in their entirety.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Fausto Lima'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 Fausto Lima must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

3. Each party shall bear its own costs and expenses associated with the above-referenced arbitration. Respondents shall bear the costs of confirming this award in a court of competent jurisdiction.
4. Any and all relief not specifically addressed herein is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 375.00
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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 Smith Barney is a party.

Member Surcharge	= \$ 2,250.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 4,000.00</u>
Total Member Fees	= \$ 7,000.00

Adjournment Fees

The following adjournment fees are assessed:

May 12-14, 21, 2004 adjournment requested by Respondent Panel assessed fee against Claimants	= \$ 1,200.00
June 17-18, 2004 joint adjournment request Claimants' share	= \$ 400.00
Respondent Smith Barney's share	= \$ 400.00
Respondent Fausto's share	= \$ 400.00
September 21-24, 2004 adjournment requested by Claimants	= \$ 1,200.00
May 3-6, 2005 joint adjournment request Claimants' share	= \$ 500.00

Respondent Smith Barney's share	= \$ 500.00
Respondent Fausto's share	= \$ 500.00

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

May 24-27, 2005 cancelled due to settlement	
Claimants' share	= \$ 100.00
Respondent Smith Barney's share	= \$ 100.00
Respondent Fausto's share	= \$ 100.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing 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. Forum fees associated with these proceedings are:

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

Pre-hearing conferences:	May 26, 2004	1 session
	June 25, 2004	1 session

(4) Pre-hearing conference sessions with the Panel @ \$1,200.00/session = \$ 4,800.00

Pre-hearing conferences:	January 6, 2004	1 session
	July 23, 2004	1 session
	October 26, 2004	1 session
	November 10, 2004	1 session

Total Forum Fees	= \$ 5,700.00
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1. The Panel assessed \$1,200.00 of the forum fees for the July 23, 2004 pre-hearing conference against Claimants.
2. The remaining forum fees are assessed pursuant to Rule 10306 as follows:
 - a. Claimants are liable for \$1,500.00 of the forum fees.
 - b. Respondent Smith Barney is liable for \$1,500.00 of the forum fees.
 - c. Respondent Fausto is liable for \$1,500.00 of the forum fees.

Fee Summary

1. Claimants are solely liable for:

Initial Filing Fee	= \$ 375.00
Three-Day Cancellation	= \$ 100.00
Adjournment Fee	= \$ 3,300.00
Forum Fees	= \$ 2,700.00

Total Fees	= \$ 6,475.00
<u>Less payments</u>	<u>= \$ 1,575.00</u>
Balance Due NASD Dispute Resolution	= \$ 4,900.00

2. Respondent Smith Barney is solely liable for:

Member Fees	= \$ 7,000.00
Three-Day Cancellation	= \$ 100.00
Adjournment Fee	= \$ 900.00
<u>Forum Fees</u>	<u>= \$ 1,500.00</u>
Total Fees	= \$ 9,500.00
<u>Less payments</u>	<u>= \$ 7,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 1,700.00

3. Respondent Lima is solely liable for:

Three-Day Cancellation	= \$ 100.00
Adjournment Fees	= \$ 900.00
<u>Forum Fees</u>	<u>= \$ 1,500.00</u>
Total Fees	= \$ 2,500.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,500.00

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

Parties' Signatures

George Harrington
Claimant

Signature Date

Lauren Harrington
Claimant

Signature Date

Smith Barney, Inc.
Respondent

Signature Date

Fausto P. Lima
Respondent

Signature Date

ARBITRATION PANEL

Robert S. Getman, Esq.	-	Public Arbitrator, Presiding Chair
John N. Polakas, Esq.	-	Public Arbitrator
Karen M. Cullen, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.



Robert S. Getman, Esq.
Public Arbitrator, Presiding Chair



Signature Date

John N. Polakas, Esq.
Public Arbitrator

Signature Date

Karen M. Cullen, Esq.
Non-Public Arbitrator

Signature Date

November 17, 2005

Date of Service (For NASD office use only)

ARBITRATION PANEL

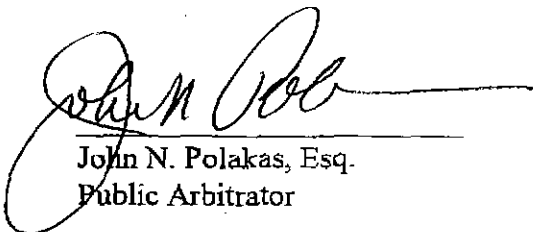
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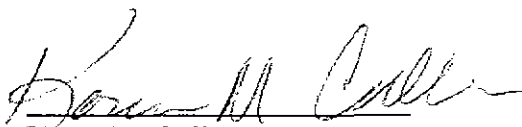
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Signature Date

November 17, 2005

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