

Award
NASD Dispute Resolution

COPY

In the Matter of the Arbitration Between:

The Adler Family Trust dated 5/25/98, Claimant v. Salomon Smith Barney, Inc. (now known as Citigroup Global Markets, Inc.) and Richard H. Selig, Jr., Respondents

Case Number: 03-03055

Hearing Site: San Francisco, California

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

REPRESENTATION OF PARTIES

For Claimant:

George S. Trevor, Esq.
Trevor & Weixel LLP
Corte Madera, California

For Respondents:

Philip A. McLeod, Esq.
Julie A. Kole, Esq.
Keesal, Young & Logan
San Francisco, California

CASE INFORMATION

Statement of Claim filed: April 24, 2003

Claimant's Arbitration Brief filed: May 11, 2004

Claimant's Uniform Submission Agreement signed: April 21, 2003

Joint Statement of Answer filed by Respondents Salomon Smith Barney, Inc., now known as Citigroup Global Markets, Inc. ("Smith Barney") and Richard H. Selig, Jr.: July 31, 2003

Respondent Smith Barney's Uniform Submission Agreement signed: August 4, 2003

Respondent Richard H. Selig, Jr.'s Uniform Submission Agreement signed: August 4, 2003

CASE SUMMARY

Claimant alleged the following claims with respect to investments in various securities: 1) Negligence; 2) Breach of Contract; 3) Failure to Supervise; 4) Breach of Fiduciary Duty; 5) Common Law Fraud; 6) Breach of Third-Party Beneficiary Contract; 7) Violations of California

and Federal Securities Laws; and 8) Financial Abuse of Disabled Person. Claimant's Claim did not indicate the specific stocks at issue in this matter.

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

RELIEF REQUESTED

Claimant requested:

1. Compensatory damages of \$406,000.00, or according to proof;
2. Exemplary and punitive damages;
3. Interest;
4. Treble damages;
5. Attorney's fees;
6. Costs; and
7. Such other and further relief as the Panel may deem just and proper.

Respondents requested:

1. Dismissal of Claimant's claims;
2. Costs; and
3. That the Panel recommend that Claimant's claim be expunged from the Central Registration Depository record of Mr. Selig.

OTHER ISSUES CONSIDERED AND DECIDED

On April 21, 2003, Claimant and Claimant's 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. Pursuant to the Code of Arbitration Procedure IM-10100 the waiver of the Claimant shall constitute and operate as a waiver for all member firms and associated persons (including terminated or otherwise inactive member firms or associated persons) against whom the Claim has been filed.

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, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondents Smith Barney and Richard H. Selig, Jr. are jointly and severally liable for and shall pay to Claimant the sum of \$130,000.00 in compensatory damages.
- 2) Respondents Smith Barney and Richard H. Selig, Jr. are jointly and severally liable for and shall pay to Claimant the sum of \$60,000.00 in attorney's fees and costs.
- 3) Claimant's claims for exemplary and punitive damages are denied.
- 4) The Panel denied Respondents' request that Claimant's claim be expunged from the Central Registration Depository record of Richard H. Selig, Jr.
- 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 the Panel @ \$1,200.00/session	= \$2,400.00
Pre-hearing conferences: November 19, 2003	1 session
January 29, 2004	1 session

(8) Hearing sessions @ \$1,200.00/session = \$9,600.00

Hearing:	May 18, 2004	2 sessions
	May 19, 2004	2 sessions
	May 20, 2004	2 sessions
	May 21, 2004	2 sessions

Total Forum Fees = \$12,000.00

The Panel assessed \$6,000.00 in forum fees to Claimant.

The Panel assessed \$6,000.00 in forum fees jointly and severally to Respondents Smith Barney and Richard H. Selig, Jr.

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$ 6,000.00
Total Fees	= \$ 6,500.00
Less Payments	= \$(1,700.00)
Balance Due NASD-DR	= \$ 4,800.00

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

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

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

Forum Fees	= \$ 6,000.00
Less Payments by Smith Barney	= \$(275.00)
Balance Due NASD-DR	= \$ 5,725.00

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

Gerald E. Ambinder	-	Public Arbitrator, Presiding Chair
Jonathan H. Krotinger	-	Public Arbitrator
Nicholas J. Caputo	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Gerald E. Ambinder
Chair, Public Arbitrator

JUN 08 2004

Signature Date

Jonathan H. Krotinger
Public Arbitrator

Signature Date

Nicholas J. Caputo
Non-Public Arbitrator

Signature Date

6/09/04

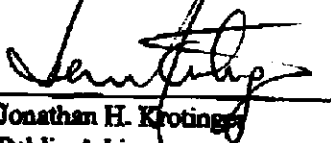
Date of Service

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Jonathan H. Krotinger	-	Public Arbitrator
Nicholas J. Caputo	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Gerald E. Ambinder
Chair, Public Arbitrator



Jonathan H. Krotinger
Public Arbitrator

Signature Date

6/7/04

Signature Date

Nicholas J. Caputo
Non-Public Arbitrator

Signature Date

6/09/04

Date of Service

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Signature Date

Jonathan H. Krotinger
Public Arbitrator

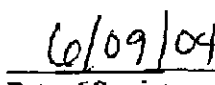
Signature Date



Nicholas J. Caputo
Non-Public Arbitrator



Signature Date



Date of Service