

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of Claimants

Luz Maria Martinez-Pereda,
F. Martinez-Pereda, and
Martha Melendez, Individually
and on behalf of James A. Starr

and

Case Number: 03-03087
Hearing Site: Houston, Texas

Names of Respondents

Citigroup Global Markets, Inc.,
Manny Canales and
Carlos Alvarado

NATURE OF CASE

Customers v. Member Firm and Associated Persons

REPRESENTATION OF PARTIES

Luz Maria Martinez-Pereda, F. Martinez-Pereda, and Martha Melendez, Individually and on behalf of James A. Starr ("Claimants") were represented by Michael J. Quilling, Esq., and Steven J. Lownds, Esq., Quilling Selander Cummiskey & Lownds, P.C., Dallas, Texas.

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

CASE INFORMATION

The Statement of Claim was filed on or about April 25, 2003. The Submission Agreement of Claimants, Luz Maria Martinez-Pereda and F. Martinez-Pereda, was signed on or about January 3, 2003. The Submission Agreement of Claimant, Martha Melendez, was signed on or about January 27, 2003. The Submission Agreement of Claimants, Martha Melendez, Individually and on behalf of James A. Starr, was signed on or about June 10, 2003.

The Statement of Answer was filed jointly by Respondents, Citigroup, Canales and Alvarado, on or about September 16, 2003. The Submission Agreement of Respondent Citigroup was signed on or about September 15, 2003. The Submission Agreement of Respondent Canales was signed on August 15, 2003. The Submission Agreement of Respondent Alvarado was signed on September 15, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: violation of federal securities laws, Texas securities laws, breach of contract, breach of fiduciary duty, statutory fraud, common law fraud, negligence and negligent supervision. The causes of action related to Claimants' brokerage accounts with Respondent Citigroup.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: Each of the investments in Claimants' accounts were within the risk tolerance and investment objectives identified for those accounts and were consistent with the investment histories, practices and strategies of Claimants; Claimants' claims are barred by the applicable statutes of limitations; all duties owed to Claimants by Respondents were fully and completely fulfilled; Claimants authorized each transaction in Claimants' accounts; Claimants failed to timely dispute any transactions in the accounts; Claimants failed to state a claim upon which relief can be granted; all actions taken by Respondents with respect to Claimants' accounts were either directed or authorized by Claimants, or consented to or approved by Claimants, after reasonable and appropriate notification and disclosure; all actions taken by Respondents with respect to Claimants' accounts were authorized or consistent with applicable laws, statutes, regulations, procedures, standards, practices and/or guidelines; Respondents acted with responsible and proper care at all times in connection with Claimants' accounts; any losses sustained by Claimants were the result of Claimants' own acts or omissions; the damages claimed by Claimants are barred by Claimants' contributory negligence or their assumption of risks involved; under applicable law and/or the facts and circumstances of this case Claimants are not entitled to attorneys' fees, costs or expenses.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$ 258,610.08
Interest	Unspecified
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 an award recommending an expungement of the claims asserted against Alvarado be entered.

OTHER ISSUES CONSIDERED & DECIDED

Claimants dismissed the claims asserted against Canales and Alvarado prior to any hearing. Claimants have informed NASD Dispute Resolution that the remaining claims have been fully settled, resolved and compromised. Pursuant to the settlement between Claimants and Citigroup, the parties have requested that the undersigned arbitrators enter a Stipulated Award expunging any references to this case and claim from the NASD Central Registration Depository ("CRD") records of Canales and Alvarado. This case was filed prior to April 12, 2004 and is thus not subject to Rule 2130.

On or about May 20, 2005, the parties submitted a Motion to Reopen the Case for the limited purpose of expungement. On June 16, 2005, a prehearing conference call was held between the parties and the Panel. The parties presented their oral arguments regarding the expungement requests for Respondents Canales and Alvarado. The Panel granted the Motion to Reopen and the expungement requests.

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 the NASD Dispute Resolution (the "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, each and all, are hereby dismissed with prejudice;
- 2.) Other than Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 3.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent, Manny Canales's, registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent, Manny Canales, must obtain

confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;

- 4.) The panel recommends the expungement of all reference to the above captioned arbitration from Respondent, Carlos Alvarado, Jr.'s, registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent, Carlos Alvarado, Jr., must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive; and
- 5.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, 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 = \$ 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 persons 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

Adjournment Fees

Adjournments granted during these proceedings:

January 11-14, 2005, adjournment requested jointly (waived – parties mediated through NASD Mediation Program)	= \$ 1,125.00
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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 arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$ 1,125.00
Pre-hearing conference: June 16, 2005 1 session	

Total Forum Fees	= \$ 1,125.00
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The Arbitration Panel has assessed \$562.50 of the forum fees to Claimants, Luz Maria Martinez-Pereda, F. Martinez-Pereda, and Martha Melendez, Individually and on behalf of James A. Starr.

The Arbitration Panel has assessed \$562.50 of the forum fees to Respondents, Citigroup Global Markets, Inc., Manny Canales and Carlos Alvarado.

Fee Summary

Claimants, Luz Maria Martinez-Pereda, F. Martinez-Pereda, and Martha Melendez, Individually and on behalf of James A. Starr, are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 562.50
Total Fees	= \$ 862.50
Less payments	= \$ 300.00
Balance Due NASD Dispute Resolution	= \$ 562.50

Respondents, Citigroup Global Markets, Inc., Manny Canales and Carlos Alvarado, are jointly and severally liable for:

Member Fees	= \$ 5,200.00
Forum Fees	= \$ 562.50
Total Fees	= \$ 5,762.50
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 562.50

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

ARBITRATION PANEL

George A. Sellnau, Esq. - Public Arbitrator, Presiding Chair
Robert Dan Sherrill - Public Arbitrator
George E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

/s/ George A. Sellnau, Esq.
George A. Sellnau, Esq.
Public Arbitrator, Presiding Chair

October 19, 2005
Signature Date

/s/ Robert Dan Sherrill
Robert Dan Sherrill
Public Arbitrator

October 19, 2005
Signature Date

/s/ George E. Cater
George E. Cater
Non-Public Arbitrator

October 19, 2005
Signature Date

October 20, 2005
Date of Service (For NASD office use only)

ARBITRATION PANEL

George A. Sellnau, Esq. - Public Arbitrator, Presiding Chair
Robert Dan Sherrill - Public Arbitrator
George E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

George A. Sellman
George A. Sellman, Esq.
Public Arbitrator, Presiding Chair

Robert Dan Sherrill
Public Arbitrator

George E. Cater
Non-Public Arbitrator

Oct. 19, 2005
Signature Date

Signature Date

Signature Date

Date of Service (For NASD office use only)

ARBITRATION PANEL

George A. Sellinau, Esq. - Public Arbitrator, Presiding Chair
Robert Dan Sherrill - Public Arbitrator
George E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

George A. Sellinau, Esq.
Public Arbitrator, Presiding Chair

Robert Dan Sherrill
Public Arbitrator

George E. Cater
Non-Public Arbitrator

Date of Service (For NASD office use only)

Signature Date

10/19/2005

Signature Date

Signature Date

ARBITRATION PANEL

George A. Sellnau, Esq. - Public Arbitrator, Presiding Chair
Robert Dan Sherrill - Public Arbitrator
George E. Cater - Non-Public Arbitrator

Concurring Arbitrators:

George A. Sellnau, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Robert Dan Sherrill
Public Arbitrator

Signature Date



George E. Cater
Non-Public Arbitrator

10/19/05

Signature Date

Date of Service (For NASD office use only)