

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Stuart Edelson (Claimant) v. Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and James Joseph Reilly (Respondents)

Case Number: 03-03752

Hearing Site: New York, New York

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

**REPRESENTATION OF PARTIES**

Claimant Stuart Edelson ("Edelson") hereinafter referred to as "Claimant": Sameer Rastogi, Esq., Sichenzia Ross Friedman Ference, LLP, New York, NY.

Respondents Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup") and James Joseph Reilly ("Reilly") hereinafter collectively referred to as "Respondents": Etta M. Gumbs, Esq., Citigroup Global Markets, Inc., New York, NY.

**CASE INFORMATION**

Statement of Claim filed on or about: May 19, 2003.

Claimant signed the Uniform Submission Agreement: May 7, 2003.

Joint Statement of Answer filed by Respondents on or about: July 28, 2003.

Respondent Citigroup signed the Uniform Submission Agreement: August 13, 2003.

Respondent Reilly signed the Uniform Submission Agreement: August 27, 2003.

**CASE SUMMARY**

Claimant asserted the following causes of action: suitability; common law fraud, violations of Section 10b of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder; failure to supervise; control person liability; and respondeat superior. Claimant's claim involved common stock and options.

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

**RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$400,000.00, plus interest from September 9, 1999; reasonable attorneys' fees; costs, including all filing and

hearing fees as well as expert witness costs; punitive damages; and such other and further relief as the Panel deems just and equitable.

Respondents requested that this claim be dismissed in its entirety.

### **OTHER ISSUES CONSIDERED AND DECIDED**

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

1. Respondents are jointly and severally liable for and shall pay to Claimant compensatory damages in the amount of \$16,500.00.
2. Any and all relief not specifically addressed herein, including punitive damages, is denied.

### **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
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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. Accordingly, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. is a party.

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

#### **Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. 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:

One (1) Pre-hearing session with Panel @ \$1,125.00 = \$1,125.00  
Pre-hearing conference: January 15, 2004 1 session

Four (4) Hearing sessions @ \$1,125.00 = \$4,500.00  
Hearing Dates: August 26, 2004 2 sessions  
August 27, 2004 2 sessions

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Total Forum Fees = \$5,625.00

1. The Panel has assessed \$2,812.50 of the forum fees against Claimant.
2. The Panel has assessed \$2,812.50 of the forum fees jointly and severally against Respondents.

**Fee Summary**

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	<u>= \$2,812.50</u>
Total Fees	= \$3,112.50
<u>Less payments</u>	<u>= \$1,425.00</u>
Balance Due NASD Dispute Resolution	= \$1,687.50

2. Respondent Citigroup is solely liable for:

<u>Member Fees</u>	<u>= \$5,200.00</u>
Total Fees	= \$5,200.00
<u>Less payments</u>	<u>= \$5,200.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$2,812.50</u>
Total Fees	= \$2,812.50
<u>Less payments</u>	<u>= \$ 650.00</u>
Balance Due NASD Dispute Resolution	= \$2,162.50

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

**ARBITRATION PANEL**

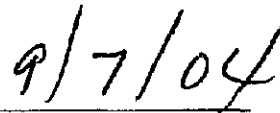
Ann C. Northern, Esq.	-	Public Arbitrator, Presiding Chairperson
John P. Bannon	-	Public Arbitrator
Larry A. Kimmel	-	Non-Public Arbitrator

**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 is which is my award.



Ann C. Northern, Esq.  
Public Arbitrator, Presiding Chairperson



Signature Date

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John P. Bannon  
Public/Non-Public Arbitrator

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Signature Date

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Larry A. Kimmel  
Non-Public Arbitrator

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Signature Date

September 16, 2004  
Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

Ann C. Northern, Esq.	-	Public Arbitrator, Presiding Chairperson
John P. Bannon	-	Public Arbitrator
Larry A. Kimmel	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

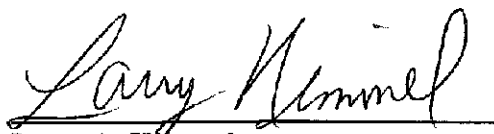
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Ann C. Northern, Esq.  
Public Arbitrator, Presiding Chairperson

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Signature Date

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John P. Bannon  
Public/Non-Public Arbitrator

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