

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

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In the Matter of the Arbitration Between:

Rollie S. Olson, Trustee for the Benefit of the Rollie Olson Family Trust U/A/D September 25, 1996 and Rollie S. Olson, Trustee for the Benefit of the Randall Olson Family Trust U/A/D September 26, 1996 (Claimants) v. Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., Richard Drayton, Jr., and Douglas Henry DeLong (Respondents)

Case Number: 03-04743

Hearing Site: Boston, Massachusetts

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Nature of the Dispute: Customers v. Member and Associated Persons.

**REPRESENTATION OF PARTIES**

Claimants Rollie S. Olson, Trustee for the Benefit of the Rollie Olson Family Trust U/A/D September 25, 1996 ("Rollie Olson Family Trust") and Rollie S. Olson, Trustee for the Benefit of the Randall Olson Family Trust U/A/D September 26, 1996 ("Randall Olson Family Trust") hereinafter collectively referred to as "Claimants": Michael F. Hanley, Esq., Plante & Hanley, P.C., White River Junction, VT.

Respondents Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Douglas Henry DeLong ("DeLong"): David C. Franceski, Jr., Esq. and Jeffrey D. Grossman, Esq., Stradley, Ronon, Stevens & Young, LLP, Philadelphia, PA. Previously represented by: Sean J. Coughlin, Esq., Citigroup Global Markets, Inc., New York, NY.

Respondent Richard Drayton, Jr. ("Drayton"): Joshua L. Horn, Esq., Fox Rothschild, LLP, Philadelphia, PA. Previously represented by: Sean J. Coughlin, Esq., Citigroup Global Markets, Inc., New York, NY.

Citigroup, DeLong, and Drayton are hereinafter collectively referred to as "Respondents".

**CASE INFORMATION**

Statement of Claim filed on or about: June 27, 2003.

Claimants signed the Uniform Submission Agreement: June 27, 2003.

Joint Statement of Answer filed by Respondents on or about: August 21, 2003.

Joint Amendment to the Answer filed by Respondents on or about: August 10, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: August 20, 2003.

Respondent DeLong signed the Uniform Submission Agreement: August 20, 2003.

Respondent Drayton signed the Uniform Submission Agreement: September 15, 2003.

### **CASE SUMMARY**

Claimants asserted the following causes of action: negligence; failure to supervise; breach of fiduciary duty; misrepresentations; omissions of fact; manipulations; and suitability. Claimant, Rollie S. Olson, Trustee, commenced this action against Respondents, Salomon Smith Barney, Inc., Richard Drayton, Jr. and Douglas Henry DeLong, seeking to recover alleged losses and punitive damages. As a basis for this recovery, Claimants' alleged a theory of mismanagement of specified investment accounts. The cause of action relates to the suitability of the overall composition of Claimants' accounts and purchase of a private placement security offering. The causes of action relate to various common stocks and corporate bonds.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: (i) the Statement of Claim fails to state a claim upon which relief can be granted, (ii) lack of proximate cause, (iii) comparative negligence, (iv) failure to mitigate damages, (v) negligent acts or omissions of third parties over whom respondents had no control (vi) ratification, (vii) there is no private right of action for a violation of the NASD or NYSE rules, (viii) waiver, (ix) estoppel, (x) Claimants' lacked requisite due diligence in the monitoring, managing and handling of the accounts, (xi) assumption of the risk, and (xii) Claimants' damages are too speculative to entitle any recovery.

### **RELIEF REQUESTED**

Claimants requested:

Compensatory damages:	\$ 360,989.00
Punitive Damages:	\$2,639,011.00
Interest:	Unspecified
Attorneys' Fees:	Unspecified
Other Costs:	Unspecified

Respondents requested dismissal of the Statement of Claim in its entirety with prejudice with the costs associated with the arbitration proceeding assessed against the Claimants.

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

Mediation was coordinated through NASD Dispute Resolution and was held on September 23, 2004 in Portland, Maine, and thereafter via telephonic conferencing, with Patrick C. Coughlan, Esq. serving as mediator. Through the mediation process, the parties agreed to settle this dispute.

Before the hearing, the parties fully and finally settled all claims by and between them. Therefore, the parties submit this Stipulated Award to the Panel for its consideration and the parties jointly request that it be entered.

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**

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. The listed parties have amicably resolved their differences and have requested this Stipulated Award;
2. The Panel recommends the expungement of all references to the above captioned arbitration from the registration records of Respondent Douglas Henry DeLong maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Douglas Henry DeLong must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. Claimants' claims against Respondent Douglas Henry DeLong are dismissed with prejudice, and upon consummation of the agreed upon settlement, Claimants' claims against Respondents Salomon Smith Barney, Inc. and Richard Drayton Jr. are also dismissed with prejudice.
4. The parties shall bear their respective costs, including attorneys' fees.
5. Any and all relief not specifically addressed herein, including interest and punitive damages, is denied in its entirety.

### **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 = \$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 persons at the time of the events giving rise to the dispute. In this matter, Citigroup Global Markets, Inc. is a party.

Member Surcharge = \$2,800.00

Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$5,000.00
Total Member Fees	= \$8,550.00

#### **Adjournment Fees**

The following adjournment fees are assessed:

June 14-16, 2004, joint adjournment request	= \$1,200.00
Claimants' share	= \$600.00
Respondents' share	= \$600.00

#### **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:

One (1) Pre-hearing conference session with the Panel @ \$1,200.00/session	= \$1,200.00
Pre-hearing conference: December 19, 2003 1 session	
Total Forum Fees	= \$1,200.00

1. The Panel has assessed \$600.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$600.00 of the forum fees against Respondent Citigroup.

#### **Fee Summary**

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 500.00
Adjournment Fee	= \$ 600.00
<u>Forum Fees</u>	= \$ 600.00
Total Fees	= \$1,700.00
<u>Less payments</u>	= \$2,300.00
Refund Due Claimants	= \$ 600.00
2. Respondent Citigroup is solely liable for:

Member Fees	= \$8,550.00
<u>Forum Fees</u>	= \$ 600.00
Total Fees	= \$9,150.00
<u>Less payments</u>	= \$8,550.00
Balance Due NASD Dispute Resolution	= \$ 600.00
3. Respondents are jointly and severally liable for:

<u>Adjournment Fee</u>	= \$ 600.00
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Total Fees	= \$ 600.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 600.00

All balances are due and payable to NASD Dispute Resolution.

**Parties' Signatures**



Rollie S. Olson, Trustee for the  
Benefit of the Rollie Olson Family Trust  
U/A/D September 25, 1996  
Claimant

2/28/05  
Signature Date



Rollie S. Olson, Trustee for the  
Benefit of the Randall Olson Family Trust  
U/A/D September 25, 1996  
Claimant

2/28/05  
Signature Date

\_\_\_\_\_  
Citigroup Global Markets, Inc.  
Respondent

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Richard Drayton, Jr.  
Respondent

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Douglas Henry DeLong  
Respondent

\_\_\_\_\_  
Signature Date

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Claimant

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Signature Date


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Rollie S. Olson, Trustee for the  
Benefit of the Randall Olson Family Trust  
U/A/D September 25, 1996  
Claimant

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Signature Date

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 James S. Tighe  
Citigroup Global Markets, Inc. Executive Vice President  
Respondent Regional Director

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1/28/05.  
Signature Date

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Richard Drayton, Jr.  
Respondent

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Signature Date

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Douglas Henry DeLong  
Respondent

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Signature Date

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Claimant

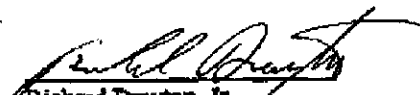
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Signature Date

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Citigroup Global Markets, Inc.  
Respondent

\_\_\_\_\_  
Signature Date

  
Richard Drayton, Jr.  
Respondent

3/8/05  
Signature Date

\_\_\_\_\_  
Douglas Henry DeLong  
Respondent

\_\_\_\_\_  
Signature Date



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Citigroup Global Markets, Inc.  
Respondent

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Richard Drayton, Jr.  
Respondent

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Signature Date

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Douglas Henry DeLong  
Respondent

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2/23/05  
Signature Date

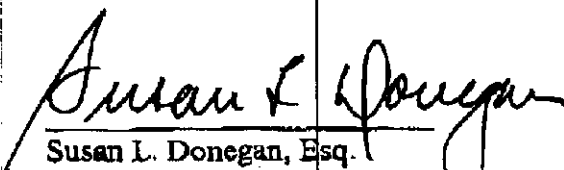
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**ARBITRATION PANEL**

Susan L. Donegan, Esq.	-	Public Arbitrator, Presiding Chair
Bennett Fisch	-	Public Arbitrator
Robert H. Watts	-	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.

  
\_\_\_\_\_  
Susan L. Donegan, Esq.  
Public Arbitrator, Presiding Chair

2 May 2005  
Signature Date

\_\_\_\_\_  
Bennett Fisch  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Robert H. Watts  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

May 18, 2005  
Date of Service (For NASD office use only)

**ARBITRATION PANEL**

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Signature Date

  
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Public Arbitrator

  
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Signature Date

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Bennett Fisch  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
  
Robert H. Watts  
Non-Public Arbitrator

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4/29/05  
Signature Date

\_\_\_\_\_  
May 18, 2005  
Date of Service (For NASD office use only)