

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

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In the Matter of the Arbitration Between:

Shaoher Pan, Claimant v. Salomon Smith Barney, Inc. (n.k.a. Citigroup Global Markets, Inc.),  
William Michaelson, David Nee, and Felipe Luna, Respondents

Case Number: 03-05058

Hearing Site: San Francisco, California

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

**REPRESENTATION OF PARTIES**

For Claimant:

Timothy A. Canning, Esq.  
Novato, California

For Respondents:

Ben Suter, Esq.  
Kevin J. Woods, Esq.  
Keesal, Young & Logan  
San Francisco, California

**CASE INFORMATION**

Statement of Claim filed: July 9, 2003

Amended Statement of Claim filed: October 23, 2003

Claimant's Uniform Submission Agreement signed: May 25, 2003

Claimant's Revised Uniform Submission Agreement signed: September 17, 2003

Joint Statement of Answer filed by Respondents Salomon Smith Barney, Inc. (n.k.a. Citigroup Global Markets, Inc.), William Michaelson, and David Nee: September 23, 2003

Joint Statement of Answer to Amended Statement of Claim filed by Respondents Salomon Smith Barney, Inc. (n.k.a. Citigroup Global Markets, Inc.), William Michaelson, and Felipe Luna: December 17, 2003

Respondent Salomon Smith Barney, Inc.'s (n.k.a. Citigroup Global Markets, Inc.) Uniform Submission Agreement signed: September 22, 2003

Respondent William Michaelson's Uniform Submission Agreement signed: September 18, 2003

### **CASE SUMMARY**

In the Statement of Claim and the Amended Statement of Claim, Claimant alleged fraud, negligence, breach of contract, and breach of fiduciary duty involving various securities including, but not limited to, Applied Materials stock and stock options. In the Amended Statement of Claim, Respondent Felipe Luna replaced Respondent David Nee.

Respondents denied the allegations of wrongdoing set forth in Claimant's Statement of Claim and Amended Statement of Claim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimant requested at least \$500,000.00 in compensatory damages, unspecified interest, unspecified punitive damages, and costs, including attorney's fees.

Respondents requested dismissal of Claimant's Statement of Claim and Amended Statement of Claim in their entirety, attorney's fees, and costs.

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

On October 23, 2003, Claimant filed an Amended Statement of Claim pursuant to the NASD Code of Arbitration Procedure Rule 10328(a).

On October 23, 2003, Claimant dismissed Respondent David Nee without prejudice.

Respondents David Nee and Felipe Luna did not file with the NASD Dispute Resolution properly executed submission agreements but are required to submit to arbitration pursuant to the Code and, having answered the claim, are bound by the determination of the Panel on all issues submitted.

On September 14, 2003, Claimant 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.

On September 17, 2003, 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.

**STIPULATED DEMAND AND RECOMMENDATION OF EXPUNGEMENT**

Pursuant to the resolution voluntarily negotiated by the Claimant and SSB, it is hereby stipulated by Claimant and Respondents, through their undersigned attorneys, that:

1. All of Claimant's claims asserted against all Respondents are hereby dismissed with prejudice; and
2. Claimant does not object to the panel rendering the following award:

The Panel recommends the expungement of all reference to the above captioned arbitration from Respondents William Michaelson's and Felipe Luna's, and dismissed Respondent David Nee's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notice to Members 99-09, Respondents William Michaelson and Felipe Luna, and dismissed Respondent David Nee must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

**AWARD**

After considering the pleadings and the Parties' request for this stipulated award, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. All claims in this case are dismissed with prejudice.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent William Michaelson's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent William Michaelson must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent David Nee's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent David Nee 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 Felipe Luna's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Felipe Luna must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
5. The parties shall bear their respective costs and expenses, including attorney's fees.
6. All other relief requested and not expressly granted is denied.

**FEES**

Pursuant to the Code, the following fees are assessed:

**Filing Fees**

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial Claim Filing Fee = \$ 300.00

**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, the member firm Salomon Smith Barney, Inc. (n.k.a. Citigroup Global Markets, Inc.) is a party and the following fees are assessed:

Member Surcharge = \$ 1,700.00

Pre-Hearing Process Fee = \$ 750.00

Hearing Process Fee = \$ 2,750.00

**Total Member Fees** = \$ 5,200.00

**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:

Cancellation of the August 23, 2004 to August 26, 2004 Hearing Dates = \$ 300.00

1. The Panel assessed \$150.00 of the cancellation fee to Claimant Shaohar Pan.
2. The Panel assessed \$150.00 of the cancellation fee jointly and severally to Respondents Salomon Smith Barney, Inc. (n.k.a. Citigroup Global Markets, Inc.), William Michaelson, and Felipe Luna.

The Panel assessed a forum fee for each pre-hearing conference conducted. A pre-hearing conference is any meeting between the parties and the Chair or Panel. The following fees are assessed:

Pre-hearing conference: June 29, 2004 1 session

**Pre-hearing conference:** December 8, 2003 1 session

<b>Total Forum Fees</b>	<b>= \$ 1,575.00</b>
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1. The Panel assessed \$787.50 of the forum fees to Claimant Shaohar Pan.
2. The Panel assessed \$787.50 of the forum fees jointly and severally to Respondents Salomon Smith Barney, Inc. (n.k.a. Citigroup Global Markets, Inc.), William Michaelson, and Felipe Luna.

**Fee Summary**

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

Initial Filing Fee	= \$ 300.00
Three-Day Cancellation Fee	= \$ 150.00
<u>Forum Fees</u>	<u>= \$ 787.50</u>
Total Fees	= \$ 1,237.50
Retained deposit pursuant to Rule 10332(f)	= \$ 337.50
<u>Less payments</u>	<u>= \$(1,425.00)</u>
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 150.00</b>

2. Respondent Salomon Smith Barney, Inc. (n.k.a. Citigroup Global Markets, Inc.) is charged with the following fees and costs:

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

3. Respondents Salomon Smith Barney, Inc. (n.k.a. Citigroup Global Markets, Inc.), William Michaelson, and Felipe Luna are charged jointly and severally with the following fees and costs:

Three-Day Cancellation Fee	= \$ 150.00
<u>Forum Fees</u>	<u>= \$ 787.50</u>
Total Fees	= \$ 937.50
<u>Less payments by Salomon Smith Barney, Inc.</u>	<u>= \$(2,750.00)</u>
<b>Refund Due Salomon Smith Barney, Inc.</b>	<b>= \$(1,812.50)</b>

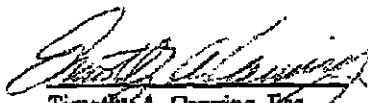
All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

NASD Dispute Resolution

Arbitration No. 03-05058

Stipulated Award Page 8 of 9

**PARTIES' SIGNATURES**

  
Timothy A. Canning, Esq.  
Attorney for Claimant Shaohar Pan

10/11/04  
Signature Date

Ben Suter, Esq.  
Kevin J. Woods, Esq.  
Keesal, Young & Logan  
Attorneys for Respondents  
Salomon Smith Barney, Inc.,  
William Michaelson, David Nee  
and Felipe Luna

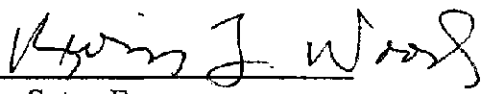
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Timothy A. Canning, Esq.  
Attorney for Claimant Shaoher Pan

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Ben Suter, Esq.  
Kevin J. Woods, Esq.  
Keesal, Young & Logan  
Attorneys for Respondents  
Salomon Smith Barney, Inc.,  
William Michaelson, David Nee  
and Felipe Luna

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

**ARBITRATION PANEL**

Armin Rosencranz	-	Public Arbitrator, Presiding Chair
Kathryn J. Toronto	-	Public Arbitrator
Mary Curran	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Armin Rosencranz  
Chair, Public Arbitrator

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Signature Date

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Kathryn J. Toronto  
Public Arbitrator

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Mary Curran  
Non-Public Arbitrator

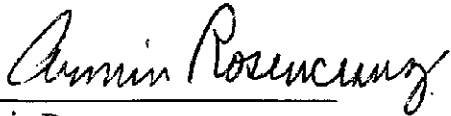
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Date of Service

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\_\_\_\_\_  
Armin Rosencranz  
Chair, Public Arbitrator

10/19/04  
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Signature Date

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Kathryn J. Toronto  
Public Arbitrator

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Signature Date

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Mary Curran  
Non-Public Arbitrator

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Signature Date

10/26/04  
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Date of Service

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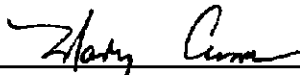
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Signature Date

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Kathryn J. Toronto  
Public Arbitrator

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Mary Curran  
Non-Public Arbitrator

10/18/2004  
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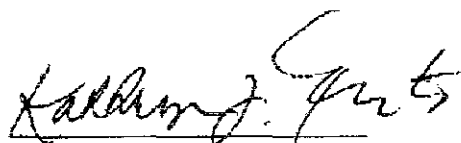
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Armin Rosencranz  
Chair, Public Arbitrator

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Signature Date



Kathryn J. Toronto  
Public Arbitrator

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Mary Curran  
Non-Public Arbitrator

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